Money

Great Deals on Top Tech Gifts P. 24

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17 SMART WAYS TO PROSPER IN 2016

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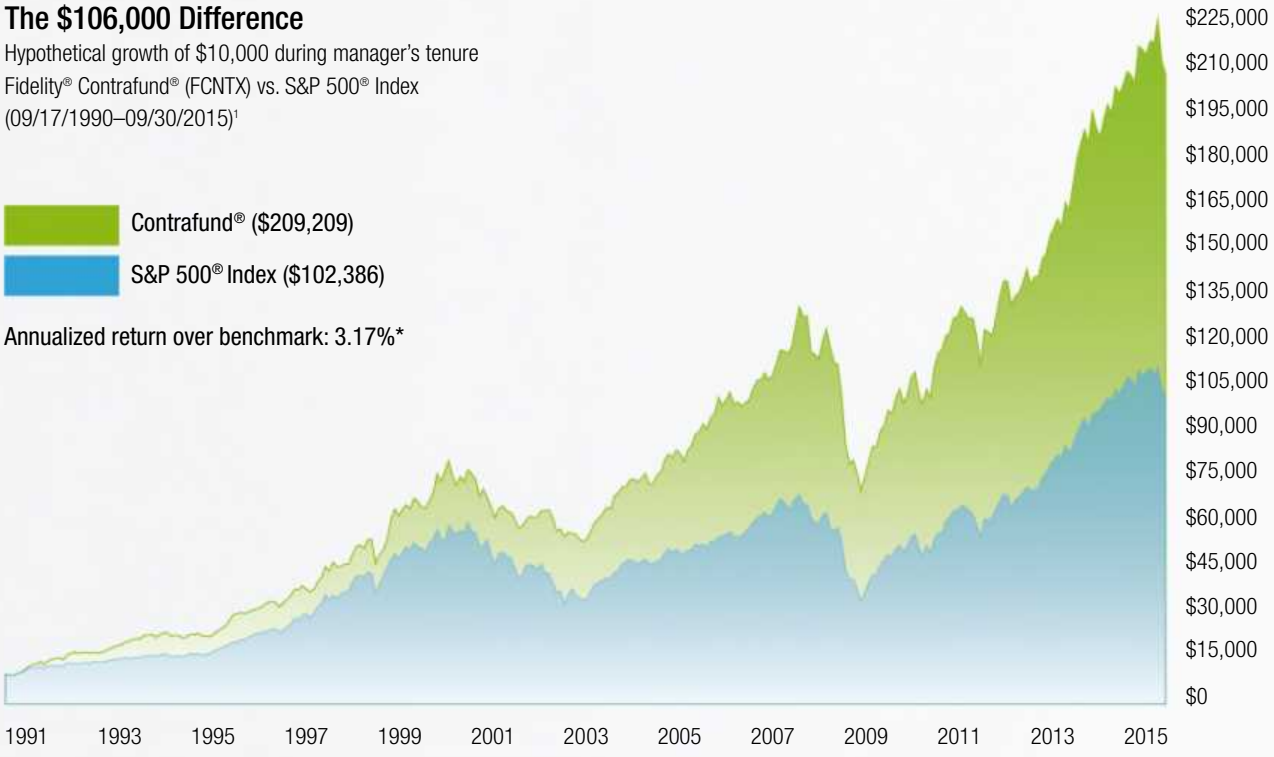
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[1]The chart above illustrates the performance of a hypothetical $10,000 investment made in the fund and a benchmark since the inception date of the product. Benchmark returns include reinvestment of capital gains and dividends, if any, but do not reflect any fees or expenses. It is not possible to invest in an index. This chart is not intended to imply any future performance of the investment product.

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(09/17/1990–09/30/2015)[1]



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[2]"Expense Ratio" is the total annual fund operating expense ratio from the fund's most recent prospectus.

[3]S&P 500 Index is a market capitalization–weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance.

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COVER STORY



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17 Smart Ways to Prosper in 2016

Set your sights on these key trends and follow our point-by-point action plan.

by Daniel Bortz, Paul J. Lim, Ian Salisbury, Taylor Tepper, and John Waggoner

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Photograph by GREGORY REID


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The best ways to build—and preserve—your nest egg. ***money.com/retirementguide***

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Find out which charities have the coolest perks, how to make sure your donations are well spent, and the most effective ways to help when you don't have a lot of money to give. ***money.com/giving***



COLLEGE EXPERTS TELL ALL

We took our cameras to the annual meeting of the country's top admissions counselors and asked for their best advice on getting into, and paying for, the school of your choice. ***money.com/video***



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COLUMNIST



ALEXA VON TOBEL

Our newest columnist shares smart money tips for young families.

@alexavontobel

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OUR FUNDS HAVE A RECORD

LIKE A BROKEN RECORD.

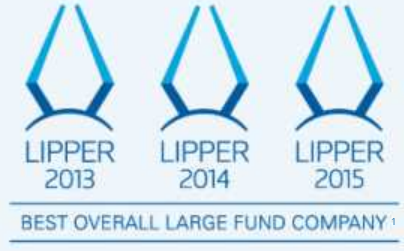
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[1]The Lipper Award is given to the group with the lowest average decile ranking of three years' Consistent Return for eligible funds over the three-year period ended 11/30/12, 11/30/13, and 11/30/14 respectively. TIAA-CREF was ranked among 36 fund companies in 2012 and 48 fund companies in 2013 and 2014 with at least five equity, five bond, or three mixed-asset portfolios. Past performance does not guarantee future results. For current performance and rankings, please visit the Research and Performance section on tiaa-cref.org. TIAA-CREF Individual & Institutional Services, LLC, Teachers Personal Investors Services, Inc., and Nuveen Securities, LLC, members FINRA and SIPC, distribute securities products. ©2015 Teachers Insurance and Annuity Association of America–College Retirement Equities Fund (TIAA-CREF), 730 Third Avenue, New York, NY 10017. C24849B

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EDITOR'S NOTE

Write the Editor: editor@moneymail.com

Closing the Book on *A Momentous Year*



AS WE LOOK AHEAD to 2016 in this issue, it's only fitting to reflect on the year that's ending as well. For MONEY, and for me, 2015 has been an especially momentous period, marked by sharp growth, new ventures, and key milestones.

For me personally, the pivotal development is clear: I became editor of MONEY, taking the helm from Craig Matters, a terrific steward of this brand for six years and launch captain of Money.com, the website we debuted in 2014 following the spin-off of our parent company, Time Inc., from Time Warner. The site has enjoyed phenomenal growth this year, with unique visitors up 55% and the addition of outstanding contributors, such as former *USA Today* columnist John Waggoner on investing; CBS News analyst and CFP Jill Schlesinger on financial planning; and Allan Sloan, winner of seven Loeb awards for business journalism, on, well, whatever financial wisdom he cares to impart. We also launched the MONEY College Planner (money.com/colleges), a site to help families find great schools at an affordable price.

We've got big plans for 2016 too. Look for new franchises on careers and travel, as well as expanded coverage of core areas, such as investing and retirement. And to make sure your New Year gets off to the best start, our cover story, "17 Smart Ways to Prosper in 2016" (page 56), identifies key trends in the financial, job, and real estate markets and offers savvy, practical advice to help you take advantage of them.

I'd like to call your attention to another story in this issue, "Coping With Aging's Costliest Challenge" (page 80), a financial guide for anyone caring for a loved one with dementia. This is intensely personal for me: My mother spent the last decade of her life battling this insidious disease. Anyone who has cared for someone with dementia knows its staggering toll, both emotional and in dollars and cents. If your family is going through this, I hope you find the advice helpful.

Best wishes to you and all of our readers for a joyous holiday season and a healthy, prosperous New Year.

Diane Harris

DIANE HARRIS
EDITOR
twitter.com/dianeharris

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LETTERS & COMMENTS

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ONLINE COMMENTS ABOUT RECENT *MONEY* STORIES

Brave woman to speak up.

@AJ18018
Re: "I don't have kids because they are too expensive—and I have no regrets"

Give it to me!

MIKE PETERSON
Re: "What to Do When You Have Too Much Money in Retirement"

I had a 90-pound bed frame delivered free. I can't think of a downside.

PYTHIA SIBYLS
Re: "Is Amazon Prime Worth It?"

CLARIFICATIONS

There are additional caveats regarding the Aspiration Summit account featured in "The Best Banks in America" (November). Customers cannot open an account immediately: You can enroll within 14 days of submitting an email address, says Aspiration CEO Andrei Cherny. While it charges no maintenance fees, the account has a pay-what-you-want plan that periodically asks for a $6 per month donation. Also, the 1.1% rate on BBVA Compass's ClearChoice money market account is an online rate.

"What to Do With $1,000 Now!" (October) misstated the first name of a source from the website ClosetSpace. She is Annie Wazer.



RE: YOUR ULTIMATE RETIREMENT ROAD MAP (NOVEMBER)

Your cover story highlighted a National Bureau of Economic Research study that found "those who were among the healthiest 20% in their fifties retired with three times the assets of the least healthy." I strongly believe there is a relationship between health and wealth, not least because being wealthy alleviates money-related stress and the devastating effects of that stress on your long-term health.

BILL SPOFFORD, *Platteville, Wis.*

RELOCATE OR REMODEL?

When Teresa Ghilarducci talks about downsizing one's home after the kids leave ["Why Retirement Needs a Reboot," November], she is not taking into consideration that there are many places where homes have actually decreased in value, yet rents are sky-high. We have embarked on a five-year interior-updating home project before we retire and are enjoying it *now*—in case moving doesn't work out when we are ready.

MARY ANN PUMILIA
Pine Bush, N.Y.

YOU CAN BANK ON IT

As a new subscriber to MONEY, I was happy to see "The Best Banks in America" [November] in my first issue. But I was disheartened that credit unions weren't mentioned anywhere. Credit unions exceed banks by far when it comes to customer service and low-rate products. And they are not-for-profit, so they are working for their members. I hope they get an honorable mention in the future!

KRISTY EMPOL
West Sacramento, Calif.

MORE LAPTOP FIXES

Good advice for giving new life and pep to old computers ["Rx for Your Old Laptop," November]. An added resource: the hundreds of local technology/computer/PC/Mac/etc. clubs. These community-oriented groups are a friendly setting in which to receive clear and non-threatening free peer-to-peer advice, make friends, and hear informative presentations.

GABRIEL GOLDBERG
Falls Church, Va.

OUR FAVORITE COMMENT

As an active-duty service member planning on separating from the Navy after nine years, your "Veterans' Guide to Financial Success" [November] was extremely beneficial. It was refreshing to read an article that explained that I'd be okay when I get out, as long as I plan accordingly.

SAMUEL BRAND, *Spring Valley, Calif.*

PHOTOGRAPH BY THE VOORHES



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MDY's 3 month average daily trading volume was over $438,363,246 notional as of 06/30/2015. The second most liquid mid cap ETF traded an average notional value of $154,893,062. Assets for MDY as of 06/30/2015 were $16B. Source: Bloomberg.

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FIRST



Ex-employees who return to the fold

A new study by HR consultants Kronos and WorkplaceTrends.com found that managers are increasingly eager for ex-employees who "boomerang" back to their old firms. Why? Former employees are familiar with the company and cost about 10% less to train than new hires, says workplace expert Steve Viscusi. Keep these tips in mind if you might want to get rehired someday:

HOW TO SCORE AN ENCORE

BOW OUT GRACEFULLY Give more than two weeks' notice if you can (especially if you're a senior staffer) and ask to help smooth the transition. Most important, stress that your move isn't personal: "Explain you are leaving for a new learning opportunity or higher salary. Use 'different,' never 'better,'" says Viscusi.

MAINTAIN TIES Stay in touch with bosses and colleagues over coffee or social media. Another smart way to keep your name in play: Help former employers by sending other great job candidates their way.

MAKE THE FIRST MOVE Don't be shy about approaching a former boss about coming back, says Viscusi. "If you miss your old workplace and have kept ties, just swallow your pride and ask," he says. Build a case for your return, too, especially by touting new skills you've gained in the interim. —SUSIE POPPICK

Photograph by **DARREN BRAUN**

Want help landing the perfect job or making the most of the one you've got? Click on ***money.com/careers.***

RETIREMENT

How the Budget Deal Will Affect Social Security

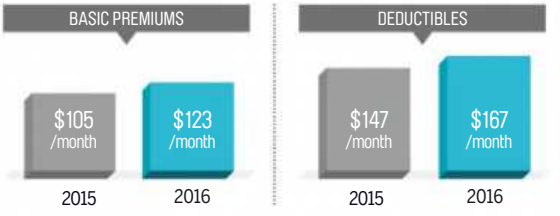


THE BUDGET AND DEBT-CEILING AGREEMENT reached by Congress and signed by President Obama will ease the huge hikes in monthly premiums and annual deductibles for Part B of Medicare that were set to go into effect next year. And the deal also makes important changes to Social Security, including ending the popular "file and suspend" Social Security claiming option.

Under "file and suspend," one spouse could file for benefits at full retirement age, then suspend them, thereby allowing those benefits to grow in value until age 70. Meanwhile, the second spouse could file only for spousal benefits based on the other's earnings record, while allowing his own benefits to grow.

The government is retaining some grandfathered "file and suspend" benefits, but only for people who turn 62 by the end of 2015. For more information, check with Social Security (ssa.gov/retire) or with a website such as maximizemysocialsecurity.com. —PHILIP MOELLER

Premium increases for Medicare Part B will affect about 30% of all beneficiaries in 2016. Deductibles will rise for everyone.



SOURCE: *Office of Management and Budget*

HOW TO HELP A JOB HUNT

The average job search takes about six weeks—43 days, to be exact—according to Jobvite, a recruiting-software company. But wait times vary a good deal depending on the industry. According to Jobvite's data, jobs are filled most quickly in hospitality (36 days) and retail (40 days). Health care applicants wait 65 days on average. Higher-level positions require even more patience. Jobs with "vice president" or "director" in the title take 76 days to fill on average.



One thing to do after you've dropped off your résumé and had an interview: follow up. A short thank-you email to the interviewer keeps you top of mind. "Friendly persistence," says Jobvite vice president Matt Singer, "is key." —*MARTHA C. WHITE*

QUOTED

"Talking about irrelevant details, such as members of their family."

MIT management professor ***Duncan Simester,*** *on one telltale way to spot a fake online review*

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READERS TO THE RESCUE

"My sister-in-law is the executor of her parents' estate but is terrible with finances. What can we do?"

SEE "MEN, WOMEN, AND MONEY" (PAGE 75)

FACEBOOK QUESTION OF THE MONTH

HOW DO WOMEN AND MEN MANAGE MONEY DIFFERENTLY?

"Women are more impulse buyers. Men spend based on need." —ROBIN WHITAKER

"Men act now and focus on now. Women look far beyond now." —KAJILA HAROLD

"Financially *mature* men and women are the same. They both live below their means, manage what they have, and prepare for the future." —RACHEL GAUSE

"Women are more detailed about every expense. Men only care about overall cost." —ZOE ADGERS

"Money management is easy. What's hard is dealing with the emotional decisions around it. Males and females deal with these emotions very differently." —WILLIAM JAMES

"Men seem to be one extreme or the other—spendthrifts or frugal. Women are better at living with a budget that includes some spending for rewards." —CINDI PICKERING

"I like to invest in the beer industry." —BORIS KRUMOV



Questioning someone else's decisions, especially [regarding] your in-laws' final wishes, needs to be handled with care. How about a dinner where you and your wife share some of the advice or concerns you have together?

MARSHA'L GILLIAM-HINES
Spartanburg, S.C.

If you live in the same town as your wife's sister, look for a money management course. Your wife could sign up for it and ask her sister to go with her every week.

SUZANNE HUTCHINSON
Ozawkie, Kans.

Recommend that the estate be handled by the trust department at a financial institution. The sister could still be executor, but the trust department would provide expert advice on the various financial issues that arise.

GERALD YOUNG
Wildwood, Mo.



No estate advice would be complete without encouragement to consult an attorney.

ERNIE CASH
Bossier City, La.

You can't force people to make the decisions you want. Don't let estate drama undo what relationship you do have. Family is too important to lose for some money.

ALEXANDER BARRETT
Raymore, Mo.



Maybe the sister knows she doesn't handle finances well and would gladly give up the job. Usually a will names an alternate executor, who could be better suited.

ELLEN BIGELOW
Olympia, Wash.

THE EXPERT SAYS

You don't need a lot of financial knowledge to serve as an executor. Your wife's sister can engage the parents' accountant to help manage the financial aspects. The bottom line is that the choice is the will writers' decision. You need to honor it and manage around it if they're not inclined to change.

PATRICK O'BRIEN
Co-founder and CEO, Executor.org

Want solutions to a financial dilemma? Email your question to social@moneymail.com. To join our reader panel, go to moneymatterspanel.com.

PHOTOGRAPH BY SHAYLA HUNTER



CLOCKWISE FROM TOP: NEW YEAR'S IN SEATTLE; THE HILTON ARUBA; SKATING IN CHICAGO

Holiday Deals

If you haven't made your plans to go over the river and through the woods, it's not too late. With a few tips, you might even find some great bargains. —STIRLING KELSO

SKIP THE BEACH

This is a great time to take the family on an urban adventure. "Because most travelers think of resort destinations for the holidays," says Jon Gray, HomeAway's chief revenue officer, "prices in cities tend to drop." In San Francisco, two- and three-bedroom listings (all rated four or five stars by HomeAway users) during Christmas week average $219. Similar places in Chicago go for $293. Even warm-weather cities can be a bargain. Last Christmas, hotels in San Diego averaged $136 a night, 33% less than in the summer, according to Trivago; L.A. hotels cost $185, about 9% less than during the summer.



POP YOUR CORK

Want to get away for New Year's? Skip crowded, ball-dropping New York City (where rooms average $432, according to STR) and try Celebrate San Antonio, a free festival of spicy food, live music, and riverside pyrotechnics. Hotel rooms average $174 a night. In Seattle, the fireworks burst over the Space Needle, and hotels go for $190 a night, according to Hotels.com.

BE FLEXIBLE ABOUT WHEN YOU FLY

To snag a hefty airfare deal, you usually have to book months in advance, but there are ways to save on late bookings too, says Adam Goldstein, co-founder and CEO of Hipmunk. The key: Fly when most people won't. For instance, don't go on Dec. 23, when prices are 5% to 6% higher than those on Dec. 24, Goldstein suggests. And flying Dec. 21 (a Monday) can lead to a savings of up to 30%, according to fare predictor Hopper. Traveling on New Year's Eve or Jan. 1 may save you 25% on what it would cost a few days later.



GO BETWEEN THE HOLIDAYS

If you're set on a popular tropical getaway, going between Thanksgiving and Christmas can pay off. Orlando is the most popular Christmas destination for Americans, according to Orbitz, but rooms at the plush Waldorf Astoria Orlando start at $199 from Dec. 8 to 21. The price on Dec. 22: $369. In Aruba, rooms at the 355-room Hilton Aruba start at $199 a night before Dec. 23, 45% less than Christmas-week rates. You'll find deals between Christmas and New Year's too: $71 a night on average in Las Vegas, and $89 in New Orleans on Hotwire.com.

Find more money-saving holiday-travel tips at ***money.com/travel.***

PHOTOGRAPHS BY (CLOCKWISE FROM LEFT): ALAMY (2); COURTESY OF THE HILTON

'Tis the Season for a Staycation

Looking for ways to save during the holiday spending rush? A staycation offers quality family time without the cost of travel.

The holidays mean visits with the family, gift-giving, decadent feasts—and copious spending. Chances are, you're planning to trim more than just the tree. If you hope to cut extra spending this year, nixing travel is one of your biggest savings opportunities. To help you decide whether it's to grandmother's house you go or the prime year for a staycation, here are five entertaining ideas from Amazon that will keep the family happy should you decide to avoid the airport in favor of a holiday at home.

Unplug

Put the smartphones down for an afternoon. Set aside a reading hour for all ages, bundle up and go for a winter hike, or play your favorite board game.

SCRABBLE DELUXE
The deluxe version of this classic family game comes with special tile racks, but best of all: no buffering required.





Go Caroling

Awaken the holiday spirit with traditional songs. To spread the cheer, see if your city has an organized wassailing group your family can join.

SINGING MACHINE SMC HOME KARAOKE SYSTEM
Warm up to the real thing with a practice round at home. Bring 10,000+ HD karaoke videos to your living room with the sleek Singing Machine Home.

Alone Time

Once the kids are in bed, uncork a bottle of wine, put together a dessert cheese plate for two, and throw on a movie or your favorite series.



Game of Thrones® on HBO NOW℠

GAME OF THRONES
Binge-watch without a stitch of guilt on staycation. Catch up on every season on HBO NOW.

Set Up A Big Screen



You don't need to go to the movies for the pro experience. Set up a projector and watch your favorite movies, TV shows and, for some holiday nostalgia, old-school home videos.

EPSON HOME CINEMA 5030UB
Take the big screen home. Immerse yourself in 1080p and stream your favorites with a projector like this one from Epson.

SHOP THESE GIFT IDEAS ON AMAZON.COM.

Stay in & stream



Just plug and play.

Catch up on your favorite shows this holiday season. For under $40, get access to over 250,000 movies and TV episodes from HBO, Amazon Video, Netflix and more to upgrade your downtime.

fireTVstick

Next month's question: ***How many times have you changed careers?*** *To cast your vote, go to* ***Money.com.***

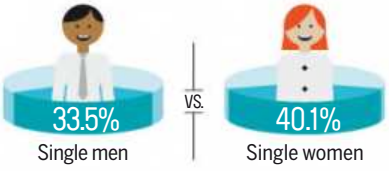
'Tis the Season: Charitable Giving

MONEY READERS WEIGH IN

POLL:
How much did you give to charity this year?



THE GENDER GAP: WHO GIVES MORE OFTEN?



THE UNITED STATES OF GENEROSITY

MOST GENEROUS
1. Utah—71%
2. New Hampshire—70%
3. Illinois—70%



LEAST GENEROUS
1. North Carolina—55%
2. Arkansas—56%
3. Kentucky—56%

AUDIT ALERT In one recent year the IRS found **273,000** returns with invalid noncash gifts.

VALUE OF VOLUNTEER TIME DEVOTED TO CHARITY WORK NATIONWIDE LAST YEAR

$173,000,000,000

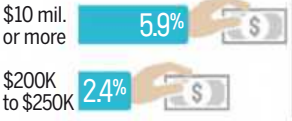
AVG. TIME DONATED ANNUALLY PER PERSON: 32 HRS.

"GIVING" TUESDAY The day after Cyber Monday, Giving Tuesday was created by a New York charity four years ago. In 2014 contributors donated **$46 million** on that day.

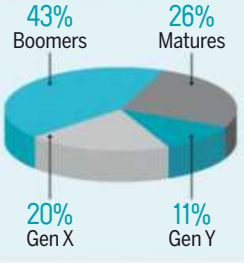
CHARITIES' SHARE OF THE MONEY TELEMARKETERS "RAISE" FOR THEM

48%

INCOME GROUPS THAT GIVE AWAY THE MOST AND LEAST OF THEIR MONEY



WHICH GENERATION DONATES THE MOST? (% OF ALL MONEY GIVEN)



THE TYPES OF PHILANTHROPIES AMERICANS GIVE TO MOST

- **$114.9 BILLION** Religious charities
- + **$54.6 BILLION** Education
- + **$41.6 BILLION** Foundations
- + **$30.4 BILLION** Health and medicine
- + **$17.2 BILLION** Arts
- + **$99.7 BILLION** Other
- = TOTAL **$358.4 BILLION**

NOTES: *Online poll conducted in October, 1,263 responses; "generous" states based on percentage of individuals who said they had donated money in the past month. IRS data from 2012 report.*
SOURCES: *Giving USA,* The Chronicle of Philanthropy, *Indiana University, Treasury Department, Blackbaud, Gallup, National Center for Charitable Statistics, Attorney General of New York*

ILLUSTRATION BY THE WORKS

99 Tips to Make Your Retirement More Comfortable

If You Are Approaching Retirement or Already Retired, Call 1-888-288-8414 for Your FREE Copy!

While it's easy to imagine retirement as a time of relaxation, enjoyment and fun, the fact of the matter is that a successful retirement doesn't just happen. It takes thought, planning and action. To help *Fortune's* readers get ready for retirement or make their retirement even better, we've assembled 99 retirement tips. Importantly, Ken Fisher has gleaned these tips from Fisher Investments' clients, people who have or are successfully navigating the transition from work to retirement.

Here's Just a Few of the Things You'll Learn

Determine how much you can take from your investment portfolio without risking running out of money. (Tip #10)

Why, if you are close to retirement or already retired, you'll probably live longer than you think. (Tip #12)

How not to get caught in the inflation trap and the fallacy of most asset-allocation advice. (Tip #13)

What you should tell your adult children about your finances. (Tip #23)



Why selecting a benchmark, something few people do, can help you maintain and grow your portfolio over time in bull and bear markets. (Tip #19)

Why paying down your mortgage before you retire might not be a good idea. (Tip #26)

Estimate what your taxes are going to be and look for ways to reduce them in retirement. (Tip #40)

Why retirement can be a strain for marriages. (Tip #87)

And many more financial, lifestyle and health suggestions!

Retirement Is More Complicated than Just Money Management

99 Retirement Tips will help you better understand the concerns and issues that retired people face. Please claim your copy today, at no cost or obligation, and take a step toward a better retirement.

About Fisher Investments and Ken Fisher

Fisher Investments is a money management firm serving successful individuals as well as large institutional investors. With over $65 billion* in assets under management and a track record of over 35 years in bull and bear markets, Fisher Investments uses its proprietary research to manage money for people with investable assets over $500,000.

Ken Fisher, Founder, CEO and Co-Chief Investment Officer, has been *Forbes*' "Portfolio Strategy" columnist for over 30 years and is the author of more than 10 financial books, including 4 *New York Times* bestsellers.

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Reference code AQ10 when calling.

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Investments in securities involve the risk of loss.
Past performance is no guarantee of future returns.
*As of 6/30/2015.

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CORD CUTTERS

Each streaming stick, box, and connectable has its advantages. For the Google Chromecast, it's all about being easy to use. Start a video on your phone, tap the Chromecast icon, and watch it on your TV; no interface.

LIST: $35
BUY IT PRICE: $20



Tech the Halls

It's easy to find pre-holiday electronics sales—they're as common as needles on a pine tree. What's harder is spotting the true bargains on gadgets your family wants. That's why this year's guide doesn't just come with gift ideas for anyone on your list. It's got price targets so you'll know when you've found a real deal. —DOUG AAMOTH



MOVIE NIGHT ENTHUSIASTS

The Vat19 Smartphone Projector Box takes the video running on your phone and projects it on a screen or wall. Requires some minor, kid-level assembly.

LIST: $32
BUY IT PRICE: $25



THE IN-HOUSE DAREDEVIL

The GoPro Hero helmet-mountable videocamera is perfect for ski bums and skateboarders who like to go wild—and then show off to their friends.

LIST: $130
BUY IT PRICE: $100

THE DAD (OR MOM) CAVE

Perfect for a medium-size room, the Sonos Play 3 speaker pushes out great sound without using a whole table.

LIST: $300
BUY IT PRICE: $280



BUDGET APPLE FANS

The newer, svelter MacBook line has made the MacBook Air a bit passé. But the older model is still a great, nimble, lightweight machine, and this season it will be an excellent bargain.

LIST: $899
BUY IT PRICE: $699



PHOTOGRAPHS (CLOCKWISE FROM TOP): COURTESY OF GOOGLE. COURTESY OF VIZIO. COURTESY OF EVERETT COLLECTION (STILL FROM *LOVE ACTUALLY*). COURTESY OF GOPRO. COURTESY OF APPLE. COURTESY OF SONOS. COURTESY OF VAT19



FAMILY ROOM UPGRADERS

You get a lot for a little with the Vizio 43-inch 4K TV, including razor-sharp resolution, streaming video apps, and a keyboard-laden remote control.

LIST: $600
BUY IT PRICE: $500



HARD-CORE DUFFERS

The Garmin S2 golf watch comes loaded with the layouts of 30,000 courses to make club selection a snap. It's built like a tank too.

LIST: $180
BUY IT PRICE: $150



THE SPY KIDS

The UDI RC quadcopter drone is easy to fly and takes HD video that you can record for later viewing. (Don't tell the neighbors.)

LIST: $100
BUY IT PRICE: $50

MEDIA OMNIVORES

Want access to a jillion streaming services, popular to obscure? The Roku 4 pipes into just about every form of entertainment on the planet, and it features a killer DVR-like interface.

LIST: $130
BUY IT PRICE: $100





JUNIOR WEB SURFERS

The Kindle Fire HD 8 is Amazon's Goldilocks tablet: not too big, not too small, not too cheap, not too expensive. It's durable and plays content from almost anywhere.

LIST: $150
BUY IT PRICE: $130



THE WORKAHOLIC

Convergence at its sweatiest, the FitDesk 2.0 Exercise Bike + Desk features a laptop tray so you can take care of business while raising your heart rate.

LIST: $350
BUY IT PRICE: $299

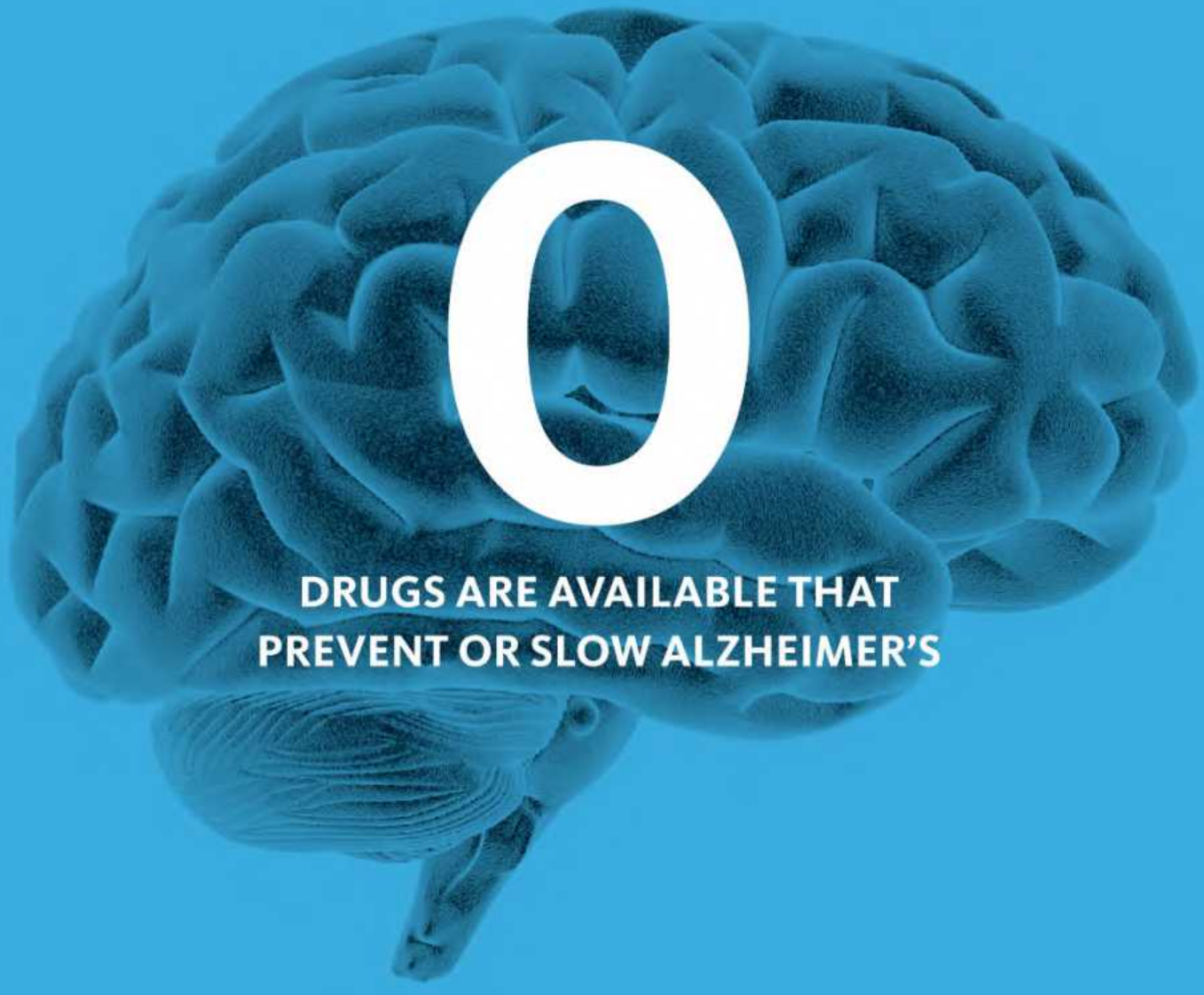
OLD-SCHOOL DRIVERS

SZV's Bluetooth-to-FM transmitter brings Bluetooth to aging cars, bridging the gap between phone and stereo for hands-free, cable-free music and calls.

LIST: $50
BUY IT PRICE: $35



PHOTOGRAPHS (CLOCKWISE FROM TOP RIGHT): COURTESY OF GARMIN, COURTESY OF UDRC TOYS, COURTESY OF FITDESK, COURTESY OF HAMMACHER SCHLEMMER, COURTESY OF AMAZON, COURTESY OF ROKU



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DRUGS ARE AVAILABLE THAT PREVENT OR SLOW ALZHEIMER'S

TOGETHER, WE CAN CHANGE THAT NUMBER

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Alzheimer's **Drug Discovery** Foundation

Conquering Alzheimer's Through Drug Discovery

Plan



Year-End Tax To-Dos

TO KEEP YOUR TAX BILL IN LINE NEXT YEAR, YOU NEED TO GET YOUR DUCKS IN A ROW BEFORE THE END OF 2015. *by* **Liz Weston**

YOU MAY THINK YOU HAVE MONTHS to go before you have to get serious about your 2015 taxes. Congress often doesn't nail down the final tax rules until December. Your W-2 and 1099s won't show up in the mail until January. But once the calendar flips to 2016, you have few ways to trim your tax bill. So to avoid unnecessary pain next April, use the rest of 2015 wisely. That could mean checking up on your investment portfolio, stepping up your charitable giving, adding up what you made this year, and more. You'll be glad you did next year.

PROP STYLING BY ALMA MELENDEZ. DUCKS PROVIDED BY ALL CREATURES GREAT AND SMALL

Photograph by **BILL DIODATO**

TALLY UP YOUR RETURNS

Profit from your losses. The fall stock rally may have wiped out any investment losses you were sitting on. Still, check for holdings that haven't yet recovered from the summer selloff (energy stocks, anyone?). You can use losses to offset capital gains, write off up to $3,000 of what's left against ordinary income, and save the remainder for future years. For more on selling strategies and tax rules, turn to page 51.

See if your winnings are free. When your income drops—say you've retired—you have a chance at tax-free profits. The long-term capital gains tax rate is zero if you have less than $74,900 in taxable income for married couples filing jointly, or $37,450 for singles.

Know when selling will sting. With a high income, you need to be careful about realizing any more gains than necessary in one year. Once your income tops $250,000 for couples filing jointly, $200,000 for singles, you'll pay an extra 3.8% Medicare tax on net investment income, including taxable interest, dividends, and capital gains.

FIDDLE WITH YOUR INCOME

Don't let a banner year hurt you. If a juicy bonus or home sale pushed you up the income ladder in 2015, you could face a larger-than-expected tax bill next spring due to the alternative minimum tax, a parallel tax system that curtails certain write-offs, such as mortgage interest and taxes. And with an adjusted gross income of $309,900 for married couples filing jointly ($258,250 for singles), your deductions could be phased out.

To see if you're at risk, pull out your pay stubs and brokerage statements and use last year's tax software to get a preview of your 2015 taxes. If AMT or phaseouts will be a one-time thing, delay some deductible payments, such as property taxes, until January, says Mark Luscombe, principal federal tax analyst for Wolters Kluwer. That way you'll get the full benefit of those write-offs when your income falls next year. Or look for ways to reduce your AGI, such as seeing if your boss will delay a bonus.

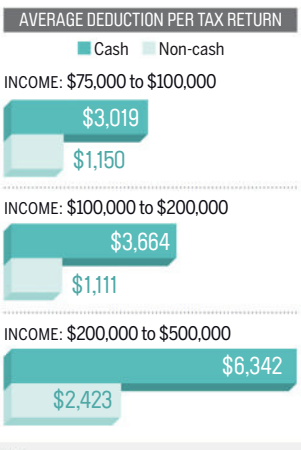
Shrink your paycheck. You have until next April to top off an IRA or health savings account, but Dec. 31 is the deadline to shelter the max in your 401(k): $18,000, or $24,000 if you're 50 or older. But you'll have to up your contribution rate quickly to squeeze more out of your last paycheck or two.

Collect your IRA income now. Once you turn 70½, you must start taking retirement plan withdrawals—or face a 50% penalty on the amount you should have taken out. There are exceptions: You can put off required minimum distributions from your current 401(k) if you're still working, and you never have to tap a Roth IRA.

You have until April 1 of the year after you turn 70½ to take your first RMD. Then the deadline is Dec. 31. But if you just turned 70½, waiting until next April would mean two distributions in a year, which could push you into a higher bracket. Instead, make your first withdrawal in 2015.

Get Your Gifts in Under the Wire

As you make last-minute charitable donations, see how much givers like you write off.



NOTES: Based on 2013 tax year, for itemized returns only; income is adjusted gross income. SOURCE: IRS

KNOW YOUR TRUE DEADLINES

Lock in health coverage early. If you need to buy your own health insurance, the penalty for going without rises next year to up to 2.5% of income. You can enroll in a plan as late as Jan. 31, 2016, to avoid that charge on your 2015 tax bill. But to have coverage on Jan. 1, you need to enroll by Dec. 15.

Relax about your FSA (up to a point). Health care flexible spending accounts traditionally had a Dec. 31 "use it or lose it" deadline. The rules have changed, notes Lisa Greene-Lewis, a CPA at TurboTax. Now 60% of companies let you roll over up to $500 of unused FSA cash into next year's plan, a survey by WageWorks found; nearly a quarter offer a 2½ month grace period. No extension or too big a balance? Schedule overdue doctor and dentist appointments for before you ring in the new year.



Give Without Spoiling

AS THE HOLIDAYS APPROACH, HERE'S HOW TO NAVIGATE THE SPACE BETWEEN INDULGING YOUR CHILDREN AND FEELING MORE LIKE A SCROOGE.



by Alexa von Tobel

AS A BRAND-NEW MOM, I'm realizing how easy it is to fall into the trap of overindulging my daughter, Toby. My challenge: I don't want to refrain from gift-giving altogether, but I want to raise her to appreciate presents, not expect them.

As founder of a company that promotes smart financial decisions, I also want to practice what I preach. Not all gifts need to offer a teaching moment, but I've been looking for ideas that are affordable and meaningful, and that encourage children to appreciate what they've been given. Here are a few I've come up with.

Give memories. Research has shown repeatedly that spending money on "stuff" doesn't make us any happier. I love treating younger kids (as young as 3 or 4) to a show or kid-friendly exhibition. Make it special: Let them unwrap a related picture or inexpensive toy, and take a photo on site that you can frame and keep.

Another option is sentimental gifts. Someone suggested that I write my daughter a letter every time I have to be away from her because of my job. I've now set up an email account for her, and I send my notes there, so she can open and read them later. I hope they'll mean more to her over time than any toy I might buy.

Give patience. Back in the 1960s, a Stanford University researcher posed a "marshmallow test" for children aged 3 to 5. That study (and its follow-ups) found those who could delay gratification—who could refrain from eating a marshmallow immediately in order to earn more later—were healthier and more successful through high school and as adults.

One way to teach that skill to school-age children is to offer money, instead of specific items, but impose some rules: 20% can be spent immediately, however they choose; 30% should be saved up and spent in a year; and the other 50% should go toward their long-term future (in a savings or 529 account).

My husband and I also use my daughter's college fund to keep family members on message. Since 529s can accept third-party contributions, we ask relatives and friends to give there in lieu of big presents.

Give generosity. A good friend recently told me that her grandfather gave her a birthday check every year to donate to a charity of her choice. That's an idea I love for older kids (though I'll probably do it in addition to a gift, not instead of one, as her grandfather did). It's another way to involve kids in the decision-making.

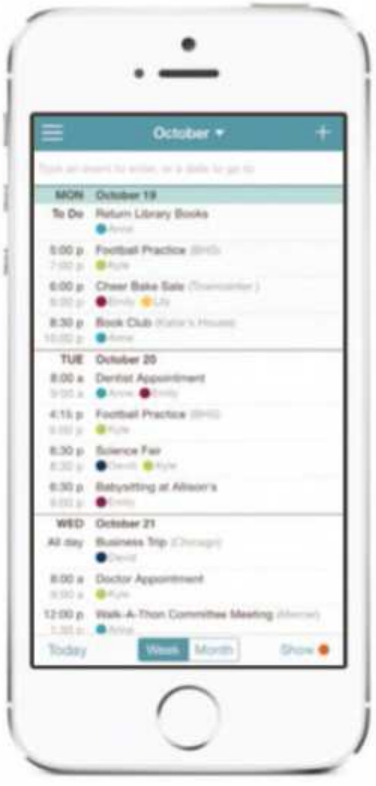
For younger kids, take them to a toy store to let them pick out—and then go home and wrap—a toy to be given to a local charity.

Columnist Alexa von Tobel is the founder of LearnVest. Catch more from her at Money.com.

Illustration by **CHI BIRMINGHAM**

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When to Pick a Charity's Perks

NONPROFITS OFFER SWEET REWARDS FOR BIG DONORS. SHOULD YOU FACTOR THEM IN? *by Kerri Anne Renzulli*

RIGHT ABOUT NOW, your in-box and mailbox are probably stuffed with year-end solicitations from dozens of nonprofit groups. The pitch: A generous gift will aid a good cause, cut down on your tax bill, and maybe give you a few extra perks.

What could you get? Art museums may bring you behind the scenes—the Tampa Museum of Art thanks $1,000 donors with tours of local artists' studios, for instance. Service organizations offer other kinds of access: $1,000 donors to CARE get invited to conference calls with the CEO.

"We've seen a big change in donor expectations," says Michael Nilsen of the Association of Fundraising Professionals. "Before, you would write a check, and that was the end. But now donors have the power to research their giving and select those organizations that will involve them and treat them the best."

If these benefits will sway your giving decision, you have three things to do.

COMPARE AND CONTRAST

If a particular donor pitch looks enticing, check similar groups to see how it stacks up. (The richest rewards tend to kick in with larger contributions.)

Environmentalists in Northern California, for instance, might choose between California Trout—a $1,000 gift to the group gets you a backpack, invitations to conservation lectures, and access to its fly-fishing trips—and the Sierra Club, which gives $1,000 donors holiday cards and a limited-edition photographic print.

Chicago financial planner Andrew J. Feldman cites one client who loves giving to the Lincoln Park Zoo, for instance, because its backstage tours let her feed giraffes and rhinos. Such unusual experiences are more common to large groups, Nilsen says: "Smaller nonprofits tend to give more tangible donor perks."

VET THE CHARITY

Donor rewards don't necessarily mean good money management. So even if the benefits are sweet, make sure your dollars will actually support the charity's mission.

Use Charity Navigator, which vets nonprofits for accountability, or a similar site to see what share of a charity's income goes to programs. Avoid groups if it's below 75%, says Charity Navigator's Sandra Miniutti. Donor gifts often fall into fundraising expenses, she says; most established groups keep those below 10%.

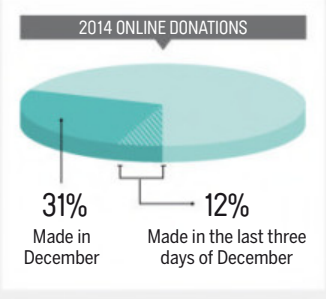
WEIGH THE TAX IMPACT

Finally, understand how the perks might affect your tax bill. The IRS requires nonprofits to include a line on deduction receipts spelling out any value received in return, and it expects you to reduce your write-off accordingly.

If getting the full tax break matters to you, suggests New York City planner Robert Hayden, opt for perks that are more experience based and thus harder for a charity to assign a specific value to. Note that benefits that the IRS considers "insubstantial"—such as free admission or a logo-bearing mug—won't reduce your deductible contribution at all.

Last-Minute Gifts

Charitable contributions tend to surge each December during the last days of the year.



NOTE: Data reflect online donations made via Network for Good platform. ***SOURCE:*** *Network for Good*

How to Talk Back to Your Dentist

TOOTH CARE CAN BE COSTLY, EVEN IF YOU'RE INSURED. KNOW WHEN TO ASK QUESTIONS. *by Kara Brandeisky*

DENTAL WORK ISN'T as costly as other health care, but the bills may leave a bad taste in your mouth. Most plans cover all preventive care, but patients usually pay 20% to 40% on basic work like fillings and extractions and half on major procedures (dentures, crowns), says the National Association of Dental Plans. The most common plans have low yearly payout caps—typically around $1,500. And for some, all costs are out of pocket: Only 60% of Americans have dental coverage, the NADP says.

Small wonder 20% of adults say they skipped dental care in 2014 because of cost, according to the Urban Institute.

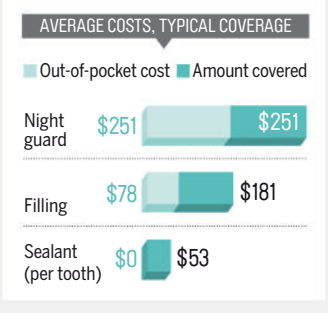
If your dentist suddenly suggests a lot of expensive work, ask questions. "Patients shouldn't be afraid of getting second opinions," says dentist William van Dyk of San Pablo, Calif. Here's what you should know about a few common recommendations:

"You need to fill these cavities now." Ask your dentist to show you the cavities on the X-rays and in the mirror, says dentist Jeffrey Camm of Fircrest, Wash. You should be able to see them, he says.

Not all decay even needs to be drilled. "It's now apparent that you can reverse early dental disease" by rebuilding the enamel with prescription-strength toothpaste or a gel supplement, says University of North Carolina dentistry professor James Bader. A tube of generic toothpaste with 5,000 parts per million of fluoride should cost $10 to $16. Filling a big cavity could cost about $259 (see chart)—or $78 out of pocket if you're insured.

Big Financial Bite

Unlike medical insurance, dental coverage tends to stick you with a greater share of bigger bills.



NOTES: Data based on national average for 2014–15. Filling assumes resin-based composite for a large cavity in the back of the mouth. SOURCES: FAIR Health; MONEY calculations

"You need to replace these fillings." Ask why it's urgent. You may need a replacement if a filling has broken or the area around it has decayed, van Dyk says. But be wary if you're told to replace silver amalgam fillings because they hold mercury. "Study after study shows the mercury in undisturbed amalgam fillings is bonded to the rest of the metals and doesn't leach out," Bader says.

"You need a mouth guard." Weekend warriors need mouth guards (roughly $145) for contact sports. "We see too many fractured incisors and knocked-out teeth," Bader says. Replacing a tooth with an implant costs $1,988 on average, more than a typical plan's annual cap. Also, you've lost a tooth.

For some teeth grinders, an over-the-counter "boil and bite" night guard (about $20) may be enough to protect teeth, says Louisiana State University dentistry professor Gary Klasser. But it can exacerbate grinding or even shift your bite. Don't want to pay $500 or so for a custom guard? Take a DIY kit to your dentist and ask for fitting help, says Noshir Mehta of Tufts University's Craniofacial Pain Center.

"You need sealants." For kids, sealants make sense. The plastic coating is applied to molars to prevent food from getting into grooves and causing decay. "If there's a family history of cavities, I would recommend that the molars on children get sealed at age 6 and 12," Bader says. Dental plans usually cover 100% for children but might not cover adults, the NADP says. And sealants usually aren't cost-effective for adults unless they're at risk of decay.



While many factors affect heart disease, diets low in saturated fat and cholesterol may reduce the risk of heart disease.

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Your Phone May Prove to Be Costly

DIGITAL DEVICES CAN CHANGE HOW YOU HANDLE MONEY, OFTEN FOR THE WORSE. *by Penelope Wang*

THESE DAYS MANAGING your money frequently involves looking at data on a computer screen or clicking "buy" on an app. It's quick and convenient, for sure. But do these digital devices really improve your finances? Maybe not, says Shlomo Benartzi, a UCLA behavioral economist and the author of *The Smarter Screen,* a new book that examines the impact of digital devices on consumer behavior.

Emerging research shows that our brains operate a bit differently when we're using screens compared with old-fashioned pen and paper, Benartzi says. All too often, the speed and seeming simplicity of technology can lead to poor decisions. Here's what Benartzi has to say about the key money lessons from this research:

Smartphones can make you less smart. In a preliminary test of financial literacy by Benartzi and John Payne of Duke University, people scored significantly worse when using mobile devices vs. pen and paper. "One possible reason," Benartzi says, "is that you might think and act faster in front of screens, which leads to a greater reliance on instinctive responses that are often incorrect."

At the same time, mobile devices tend to make you more impulsive. "This research suggests that a lot of important financial transactions, like taking money out of your 401(k), should probably not happen on mobile," he says.

Screens could heighten market losses. As a 2013 study by Caltech researchers found, investors who were closely attuned to the behavior of others in the market were more likely to buy into a speculative bubble. History shows that the reverse happens when bubbles collapse, as investors panic and sell at the bottom, which led to the huge losses of 2008 and 2009.



The risks of herding behavior may be even greater today. In the last crash, social media was just getting going. "Now, with market moves triggering alerts on smartphones worldwide, the next market plunge may be led by a social media panic," Benartzi warns. "When millions of people see their balances shrink on their devices, and they are being urged to act quickly, and they can, it's likely to make the next crash much worse."

The right on-screen data at just the right time can help. Some forms of digital feedback can work in your favor. Benartzi and USC assistant professor Yaron Levi recently studied how a mobile app influenced spending habits. Overall, those using the app, which tracked spending and illustrated the impact on the user's budget and future net worth, decreased their monthly expenditures by nearly 16%, mostly by cutting back on discretionary spending.

Benartzi cautions that this finding is based on only a few months of data, but it's "an example of 'just in time' information that can benefit consumers by activating their self-control." In other words, getting information at exactly the point when it can influence your behavior is powerful.

Still, in the end, the best way to use digital devices may be to get the information you need—and then turn them off.

The Smarter Screen: Surprising Ways to Influence and Improve Online Behavior *is available at Amazon.com.*

PHOTOGRAPH BY SHAYLA HUNTER


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Best Schools for Biz Majors

CHOOSING THE RIGHT UNDERGRADUATE PROGRAM CAN MEAN HIGH EARNINGS—WITHOUT AN MBA. *by Kim Clark*

BUSINESS IS BOOMING. Whether it's the scary job market or the fascination with corporate celebs like Steve Jobs and Sheryl Sandberg, record numbers of undergraduates have signed up for business courses in recent years. Today business is the single most popular college major, accounting for nearly 20% of undergraduates.

But here's the first lesson tomorrow's tycoons should learn: The college you choose makes a big difference. Students in little-known programs don't get much attention from corporate recruiters, for example. On the other hand, graduates of strong schools, like Babson, Penn, and the others we list at right, typically earn more than $50,000 in their first couple of years and reach six figures within about 15 years—without investing in an MBA.

Even so, not every business degree is the ticket to a good job. Students in business specialties like hospitality tend to earn less than college graduates with supposedly less practical majors such as history.

While alumni earnings are one useful measure of a business program's value, students who want the most for their money should also take a hard look at:

Total costs. Compare the start-to-finish price of a business degree, after financial aid, for each college you're considering. You can find that information in the "Net Price of a Degree" column in MONEY's latest college rankings (money.com/colleges).

Alumni network. Loyal and involved alums can help get your résumé to the top of the pile where they work. So ask each school's career-services office what kinds of events and other outreach it sponsors to connect business students with established alumni.

Academic rigor. Look for programs that meet the standards set by AACSB International, the major accrediting body for business schools. But don't stop there. Some business programs fail to provide students with the "soft" skills, such as writing and critical thinking, they need to succeed, according to a study by Richard Arum of New York University and Josipa Roksa of the University of Virginia. So ask about breadth requirements too. At the best schools, business majors also get a solid grounding in the liberal arts.

MORE ONLINE *For advice and tools for picking the right college, visit the new MONEY College Planner at* ***money.com/colleges.***

10 Great Colleges for Doing Business

They offer excellent education, affordable prices, and substantial salaries.

RANK	SCHOOL	AVERAGE ANNUAL EARLY CAREER EARNINGS
1	BABSON COLLEGE ▸ *Wellesley, Mass.*	$59,800
2	UNIVERSITY OF PENNSYLVANIA ▸ *Philadelphia*	$69,400
3	UNIVERSITY OF VIRGINIA, MAIN CAMPUS ▸ *Charlottesville, Va.*	$61,300
4	UNIVERSITY OF CALIFORNIA AT LOS ANGELES ▸ *Los Angeles*	$59,900
5	UNIVERSITY OF CALIFORNIA AT BERKELEY ▸ *Berkeley*	$72,800
6	GEORGIA INST. OF TECHNOLOGY, MAIN CAMPUS ▸ *Atlanta*	$56,100
7	CLARKSON UNIVERSITY ▸ *Potsdam, N.Y.*	$64,400
8	BRIGHAM YOUNG UNIVERSITY AT PROVO ▸ *Provo, Utah*	$56,300
9	CORNELL UNIVERSITY ▸ *Ithaca, N.Y.*	$60,300
10	UNIVERSITY OF CALIFORNIA AT SAN DIEGO ▸ *La Jolla, Calif.*	$52,100
	ESTIMATED AVERAGE FOR ALL BUSINESS MAJORS	$37,000

SOURCES: *MONEY's 2015–2016 best-value college ratings (two-thirds of score); PayScale early- and mid-career earnings data (one-third of score)*

Gifts That Make The Grade

Study up on tools for success and these picks from Amazon for the scholars on your list.

Education is no exception to evolving tech. When you're paying big bucks for top academic programs, there's no sense in skimping on the tools for the task. Keep up with emerging platforms and technology, and gifts that go the furthest for your money.

E-learning platforms and study software have evolved into interactive environments for sharing information. Even more helpful, productivity apps are lifesavers for students. With redesigned tools and tech at their fingertips, students don't have to go far from their smartphones to get organized for the semester ahead.



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Staying active stimulates concentration and helps students focus on what's important—in this case, tomorrow's exam.

FITBIT SURGE FITNESS SUPER WATCH
The perfect gift for fit-forward grads, the Fitbit Surge has wrist-based heart rate and multi-sport features they'll love.

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Energize Any Time

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When Early Picking Pays

FILING FOR SOCIAL SECURITY WHILE YOUR BENEFIT IS STILL GROWING SOMETIMES MAKES SENSE. *by* **Penelope Wang**

IN DECIDING WHEN TO TAKE Social Security, later is almost always better than sooner, and for good reason. Each month you defer, from your 62nd birthday to your 70th, your monthly benefits grow. That adds up to 7% to 8% higher payments for every year you delay.

Yet despite the financial incentive to wait, most people are early filers. According to a recent study by the Boston College Center for Retirement Research, 58% of men and 64% of women who claimed Social Security in 2013 had not yet reached full retirement age, which is 66 today

FLOWER BY DANIEL SEAN MURPHY; PROP STYLING BY ALMA MELENDEZ

Photograph by **BILL DIODATO**

(and 67 for those born in 1955 or later); 48% of men and 42% of women filed at 62, the youngest age at which you can claim retirement benefits.

In fact, speeding up the clock isn't always a bad choice. Here's when an early timetable makes the most sense—and when to let your benefit grow a little longer.

YOU REALLY NEED THE CASH

To be able to delay Social Security once you stop collecting a paycheck, you need extra savings to hold you over. Should you retire at the traditional age of 65, postponing benefits until age 70 would mean coming up with a way to replace that benefit for four or five years. If you're a high earner and you'd end up receiving, say, $2,300 a month after delaying, you'd need at least $140,000 more in retirement savings to replace that income until you file.

That's a daunting cash hoard to assemble, even for wealthier Americans. If putting off Social Security means draining down your savings at a faster clip than the standard 4% withdrawal rate, that's a reason to claim early.

But you may have enough savings to wait just a few years. A team including Stanford researchers John Shoven and Gopi Shah Goda published a paper in 2015 concluding that two-thirds of retirees who claimed early had enough wealth to afford delaying Social Security for two years or more.

If you don't have enough money to afford delaying at all, you might want to work another few years, says Jim Blankenship, a financial planner in New Berlin, Ill. Can't do that? Then file for your benefits. You've earned them.

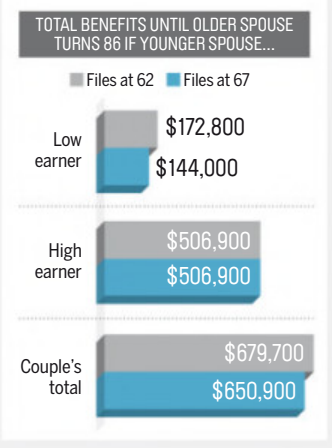
YOU'RE A LOT YOUNGER THAN YOUR SPOUSE

If you're significantly younger than your spouse and have substantially lower earnings, early claiming might put you ahead in some situations, says Baylor University finance professor Bill Reichenstein, co-author of *Social Security Strategies*.

Say you're a woman who's married to a higher-earning man a dozen years older than you. He waits until he's 70 to maximize his monthly payment, while you file early, perhaps as young as 62. Depending on when you file for Social Security and how large the benefits based on your own record are compared with the benefits based on his, it would take until you're about 78 and he's 90 before the money you'd receive from delaying would exceed what you got from filing early. Collecting for longer trumps a higher benefit later. And if your husband passes away before you, your early claiming wouldn't matter, since you could switch to a survivor benefit equal to his monthly check (see the chart below for an illustration of this strategy).

Wait Less, Get More

A younger, lower-earning spouse can come out ahead by claiming Social Security early.



NOTES: *Assumes low earner collects $1,200 at 62, $1,714 at 67; high earner collects $2,640 at 70. Not inflation adjusted.* **SOURCES:** *Bill Reichenstein, Baylor University*

YOUR HEALTH ISN'T THE BEST

If you have a serious medical problem that is likely to shorten your life and you have no other family members who depend on your benefit, go ahead and claim Social Security as soon as you can.

When you have a less dire condition but still anticipate a shorter-than-average life expectancy, have a frank talk with your doctor—and don't necessarily assume the worst. Says Stanford's Shoven: "Our study showed that although many who filed early reported health issues, most would still have been better off financially if they had waited to claim."

Consider that the "breakeven point"—the age you need to reach to come out ahead by waiting to claim Social Security—is 78 for someone who claims at 62 vs. waiting to 66, says Reichenstein. By contrast, the average life expectancy for a 65-year-old man today is age 86.6 and 88.8 for a woman, according to the Society of Actuaries.

Hindsight is 20/20, of course. You can't predict with certainty how long you'll live or which claiming strategy will prove most financially rewarding. So once you've done your homework, file when it's right for you. If collecting early helps you sleep better, that's a great reason to do it.

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Smart Ways to Chip In for College

HELP YOUR GRANDKIDS WITHOUT RISKING FINANCIAL AID—AND MAYBE NAB A TAX BREAK TOO. *by Denise Topolnicki*

SEARCHING FOR a meaningful gift for your grandkids this holiday season? Try money for college. If you do it the right way, you might also end up with a little extra for yourself or your kids: maximized financial aid or lower taxes.

Your best choice depends in part on the amount you're giving and the age of your grandchildren. Your children's finances matter, too, since that will affect how much your grandkids get in need-based aid. And if you expect to have a large estate—$10.9 million for married couples and half that for singles—know that any per-person gift over $28,000 ($14,000 if you're single) in a year will reduce the portion of your estate exempt from taxes.

Here are the top ways to help your grandkids pay for college.

BE SMART ABOUT A 529

A 529 savings plan is ideal for kids elementary-school age and younger, and not just because your contributions will have many years to grow tax-free. (Withdrawals are also free from federal taxes if used for qualified school expenses.) To increase your investment's chances for growth, you can put up to $140,000 at a time in any one child's plan ($70,000 if you're single) every five years without reducing your estate-tax exemption.

You can open a 529 account in any state, no matter where you or your grandchild lives. Look for a low-cost plan sold directly to consumers, such as Utah's (uesp.org); find a full list of plans at Savingforcollege.com. But rather than opening a 529 yourself, do your adult child a favor by simply contributing to an account that he opens for your grandchild, suggests James Holtzman of Legend Financial Advisors in Pittsburgh. That's because any money withdrawn from a nonparental 529 counts as student income and cuts a need-based aid package by up to 50% of the distribution. In contrast, only 5.6% at most of a parent-owned account is counted against an aid package. And while rules vary, you or your kids might be able to get a state income tax deduction on money you put in an account or give to them to deposit themselves.

AVOID THE MIDDLEMAN

A simple way to help a student already in college is to send money directly to your grandchild's college. Payments for tuition—but not for other expenses, such as room and board—are immune from gift taxes. If your grandchild receives need-based aid, however, your money will count as income on her next financial aid application, slashing her eligibility by 50% of what you paid. In some cases, warns financial aid consultant Kalman Chany, your money will reduce her aid dollar for dollar.

WAIT UNTIL LATER

Worried about messing up your grandchild's financial aid? Then help her family pay off loans after she graduates, suggests Chany. Don't co-sign loans, since you'll be on the hook if your grandchild stops paying. But if your child or grandchild takes out loans based on your promise to help repay, you might want to provide for that in your will, in the unhappy event you aren't around to write the checks.

Illustration by CHRIS GASH

When It Pays to Have a Mortgage

SOMETIMES RETIRING WITH A HOME YOU OWN FREE AND CLEAR ISN'T THE BEST CHOICE. *by Liz Weston*

IF YOU'RE IN OR NEAR retirement and still have a mortgage, you have plenty of company. People in their fifties and sixties are far more likely to have mortgages than prior generations had at their age. And the balance on today's mortgages is higher than ever (see the chart).

You may have purchased or refinanced later in life and not had enough time to repay. Or you may believe you'll get higher returns by investing in the stock market rather than paying off a low-rate loan.

In fact, you usually benefit from owning your home outright before retiring—and not just for the peace of mind—says Allan Roth, a certified financial planner at Wealth Logic in Colorado Springs. Having no monthly payment means you'll pull less money out of your portfolio, potentially lowering your tax bill. Your nest egg may last longer, especially if you retire into a bad market, since draining too much from a shrinking pool is a sure way to run out of money fast.

Still, as you enter retirement, there are cases in which, even if you have the cash, not retiring your mortgage is a better choice:

Other loans are costlier. Most other debt, such as PLUS education loans (currently 6.84%), are more expensive than mortgage debt (30-year fixed rates have been as low as 3.4% in recent years). So repay those other loans first. That's particularly true for PLUS loans if your income is too high to qualify for a student loan interest deduction ($160,000 for couples and half that for singles).

Your savings would suffer. Unless you have already saved plenty, you should make full use of retirement account tax breaks. The 401(k) contribution limit in 2016 for people 50 and older will be $24,000, including $6,000 in catch-up contributions. And while people often consider cashing in retirement savings to pay off a mortgage, incurring a fat tax bill to pay off a low-rate loan makes little sense.

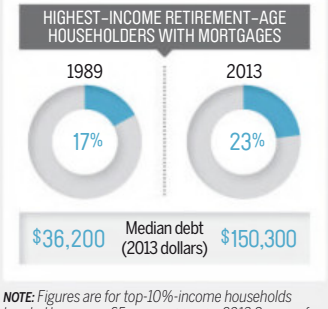
You would be cash poor. Having too much of your net worth tied up in your home leaves you vulnerable to large unexpected expenses such as nursing-home bills, says Thomas Anderson, author of *The Value of Debt in Retirement.*

What are the danger signs? A mortgage-free home isn't a good idea if you don't have enough money left over to live comfortably and pay your bills, says Michael Kitces, a partner at Pinnacle Advisory Group in Columbia, Md. Roth, for his part, thinks his clients' home equity before and during retirement shouldn't exceed half of their net worth. You might believe tapping that equity would be easy in an emergency, but it could be tough. Lenders may balk at giving you a mortgage because your retirement income is too low, and can freeze or shut down home-equity lines of credit as they did during the recession.

One final note: If you want to keep a mortgage balance solely to invest in stocks, think twice. Repaying your loan guarantees a return equal to its interest rate. But given stocks' unpredictability, Kitces calculates you'd have to expect average annual returns of at least 10% to fully compensate for the chance they'd be much worse. Such a bet could be risky if you seek a peaceful retirement.

More Mortgages in Retirement

The prevalence and amount of housing debt have grown, even among wealthier retirees.



NOTE: Figures are for top-10%-income households headed by person 65 or over. ***SOURCE:*** *2013 Survey of Consumer Finances, Federal Reserve*

HOME, GREEN HOME

THE NEWEST INNOVATIONS IN HOME ENERGY EFFICIENCY ARE EFFORTLESS... AND ECONOMICAL.

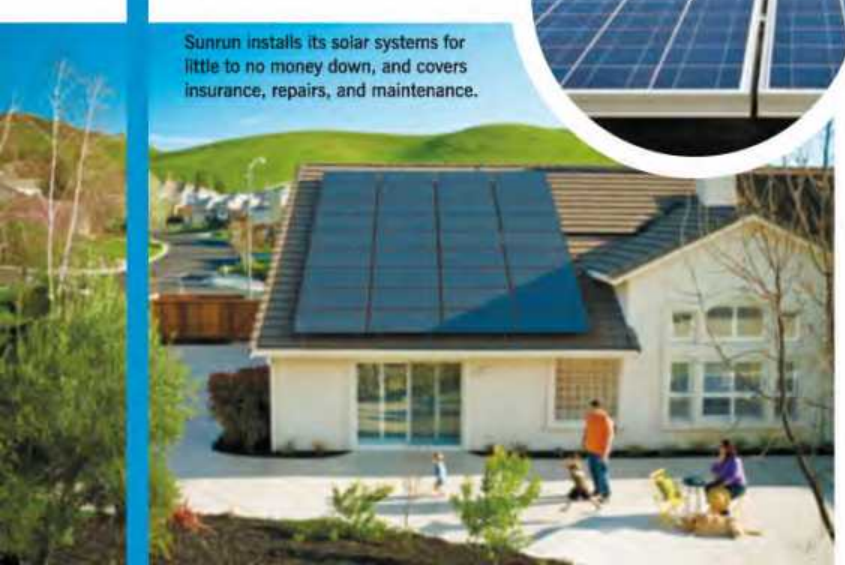
STATE-OF-THE-ART, energy-efficient home allows the homeowner to save money over the long run, with the environment cheering on the sidelines. There's another reason, however, to invest in sustainability.

"Lower utility bills and environmental benefits are nice," says Asa Foss, LEED Residential Technical Director at the U.S. Green Building Council. But home energy innovations can also give you "a much more comfortable space." And with building codes adopting greater efficiencies at a rapid pace, Foss also believes efficiency features will soon be in such high demand that their value at resale will sharply increase too. Such features include less wasteful heating and cooling systems and "smart" devices that can monitor and adjust your energy usage.

One of the first and easiest recommendations by energy experts is to install a programmable thermostat, which can save 10% on heating and cooling bills, according to the nonprofit Alliance to Save Energy. Even better, consider a smart thermostat, such as the Côr™ thermostat by Carrier, the leading manufacturer of heating, air-conditioning, and refrigeration systems, whose founder invented modern air-conditioning in 1902. The Côr thermostat, which was showcased at 2015's Consumer Electronics Show, can be controlled from a mobile phone, tablet, or computer. But its most impressive trick: It can learn about your home, monitor outdoor weather conditions, and make smart adjustments—and by itself generate savings of as much as 20%.

Since heating, venting, and air-conditioning (HVAC) accounts for 50% of a home's energy bill, replacing aging, inefficient systems can tremendously reduce energy costs as well. Carrier's newest innovation, the Infinity® 19VS central air-conditioner, intelligently adapts to the changing conditions of a home. This new system offers unmatched comfort but, more important, delivers monthly utility savings by using only the minimum amount of energy necessary to achieve it. "We think we do it better than most because we actually design the home's HVAC system—not just the control," says Matthew Pine, Carrier's vice president of marketing. "With expertise in the technology of both the control and HVAC system, Carrier can provide an integrated solution with unique features like dehumidification and system-optimizing algorithms like no other competitor."

Another home investment that Foss calls "a complete no-brainer" is converting to solar energy. Many consumers don't realize just how inexpensive solar has become: The price of panels has dropped significantly as their efficiency has improved, and many rebates and other incentives are available, including the federal investment tax credit, which will remain in effect at least through 2016. "You can buy cheaper electric-



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Technologies including Carrier's Cór thermostat are helping render residential energy use more efficient thaan ever.

ity from the panel on your roof than getting it from the utility," he says. "This is a smart place to put your money."

Homeowners don't even have to buy the solar system to make the conversion. Sunrun, a company founded in 2007 by two Stanford Business School students, has more than 100,000 customers and has installed over $2 billion worth of solar systems. They've done this using a novel "solar as service" model, also known as power purchase agreements (PPAs), after seeing how well it worked for businesses and recognizing the potential for residential use. "The key insight we had was that people love solar but they always thought it was too expensive and difficult to install," says Sunrun co-founder and CEO Lynn Jurich. So Sunrun simplified it and installs solar for little to no money down; the company handles the financing, installs the systems, and covers insurance, repairs and maintenance for the 20-year contract. The homeowner simply pays Sunrun a lower monthly bill for the energy generated, typically saving 20% on their monthly electricity.

Sunrun operates in 15 states and is expanding. One of the company's biggest challenges, she adds, is that "people think it's too good to be true."

Look to your appliances for savings, too. They're subject to federal efficiency regulations; in September 2014, for example, new standards were created requiring refrigerators and freezers to be 25% more efficient than their predecessors. "Upgrading appliances to even average-efficiency products is the most practical step homeowners can take," if they want to reduce energy use, says Jill Notini, a spokesperson for the Association of Home Appliance Manufacturers (AHAM). Switching out a 10-year-old washing machine could save 5,000 gallons a year and cut $100 from an annual electrical bill. Energy Star ratings offer guidance about efficiency and cost savings; its website, energystar.gov also provides information about potential rebates for ditching old appliances for new.

If you're like most homeowners, who keep their appliances for at least 10 years, you may not be aware of newer, innovative models offering unique technologies that can further boost efficiency and savings. Some ovens can be reconfigured to contain one or two cavities, for example, so you don't have to use your entire oven to reheat something. (If you're baking a pie in the other space, smartphone technology may allow you to check whether the top has browned.) Some dishwashers use soil-sensing technologies that calibrate spray jets. And stainless steel is becoming a preferred material for appliance interiors because it retains heat.

"UPGRADING APPLIANCES TO EVEN AVERAGE-EFFICIENCY PRODUCTS IS THE MOST PRACTICAL STEP HOMEOWNERS CAN TAKE."

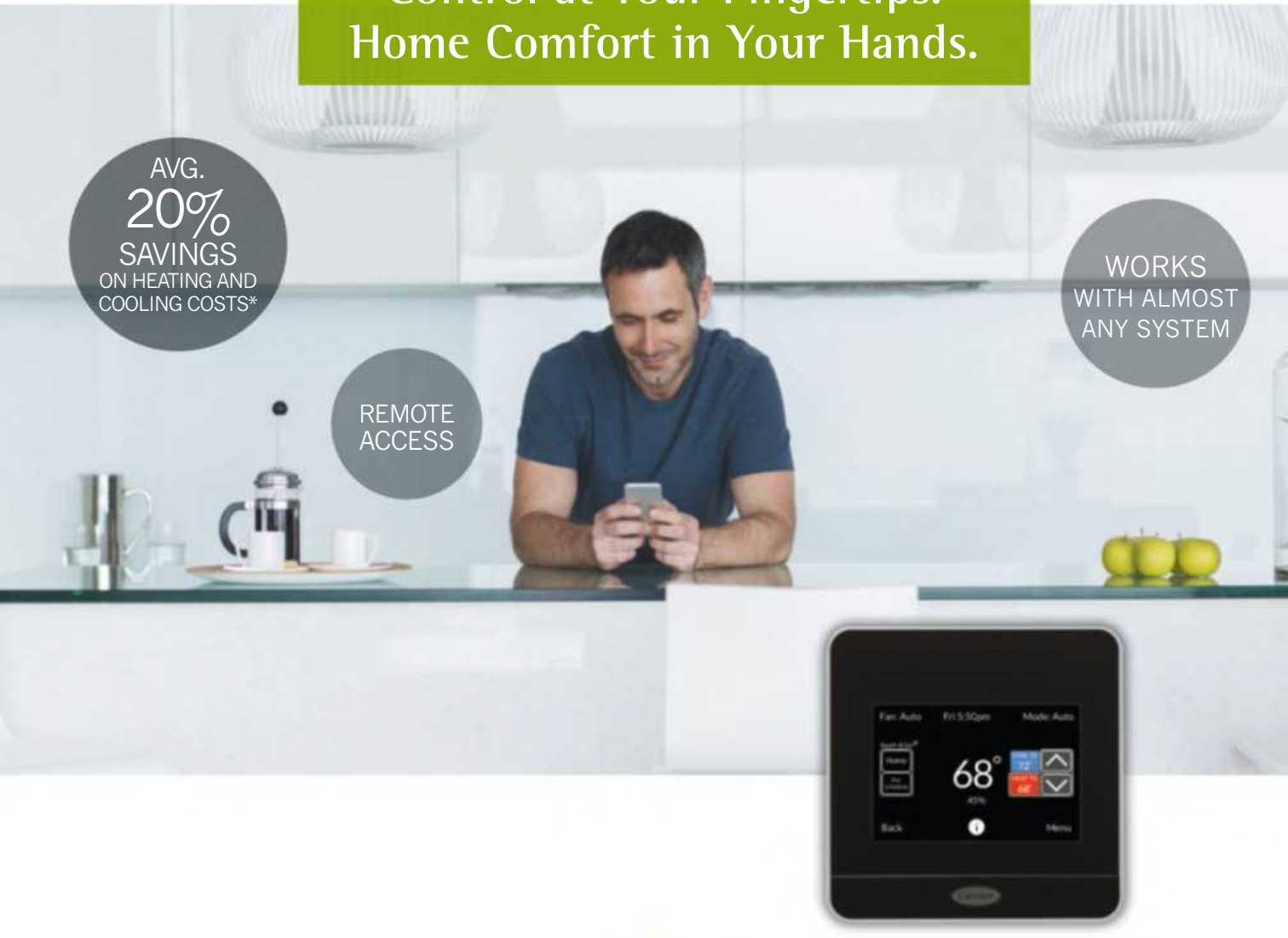
—**JILL NOTINI**, ASSOCIATION OF HOME APPLIANCE MANUFACTURERS

You can make some efficiency headway with lighting, too. While CFLs, compact fluorescent bulbs, are better than incandescent alternatives, it's LED's turn to shine. LED bulbs were prohibitively expensive a few years ago at $50 or even $100 a bulb, but their price has come down to $10 or less. "Every year the LED keeps getting better in light quality and efficiency," says Foss—and they're dimmable.

Finally, don't forget your water usage. Even if you don't live in a drought-stricken state, it's a costly resource that shouldn't be wasted. In addition to low-flow toilets and faucets, consider greywater systems, pumps that produce instant hot water, and rain harvesters.

You can even buy smart systems for your garden that will monitor the soil and environmental factors. Green thumb, green house. ●

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Shift the Right Slices

WHEN YOU REBALANCE YOUR MIX OF STOCKS AND BONDS, UTILIZE THE RIGHT ACCOUNTS. *by* **Ian Salisbury**

THE END OF THE YEAR is a natural time to rebalance—that is, reset your mix of stocks, bonds, and other assets to keep your portfolio from veering off course. For instance, if you had 60% in stocks, 30% in bonds, and 10% in commodities at the start of last year, you'd now have a 65% equity/30% fixed income/5% commodity mix. The simple solution: When your allocation changes by at least five percentage points, take some profits from your winners and replenish the losers.

Alas, things are never quite so easy. Chances are, you don't hold your investments in a single

PROP STYLING BY ALMA MELENDEZ

Photograph by **BILL DIODATO**

place. Your investments are probably scattered among 401(k)s, IRAs, and various brokerages. Fail to view that collection of accounts as a single overarching portfolio, and you may unnecessarily sell winners in your taxable account, "leading to an unfortunate side effect—a tax bill," says McLean, Va., financial planner Jason Williams.

To prevent that outcome, here are general rules to follow:

REBALANCE WITHOUT SELLING

If your allocation is only modestly off-kilter, you may not need to sell anything. "You can just buy more of the losers," says Pewaukee, Wis., financial planner Kevin Reardon.

Take a $200,000 portfolio that has 75% in stocks and 25% in bonds. Want to dial that back to 70%/30%? If you plan to save $10,000 next year in your IRA and 401(k), simply direct those new contributions to fixed-income funds, and you'll pretty much get to your goal.

Make sure you're buying the right asset in the right account.

For basic bonds, use your 401(k). If you haven't rebalanced in a few years, you'll have to restore your fixed-income stake. Over the past three years the S&P 500 has gained 15% a year, vs. 2% for bonds.

Why the 401(k)? "The concept, in a nutshell, is to save the most tax-inefficient assets for your tax-advantaged accounts," notes Vanguard strategist Joel Dickson. Bond interest is taxed as ordinary income, at a top rate of 43.4%, compared with a maximum of 23.8% for long-term capital gains and qualified stock dividends. So shelter your bonds (see chart).

Also, since 401(k)s have limited investment choices—most don't even offer short-term or high-yield bonds—use the plans to boost your plain-vanilla fixed-income exposure.

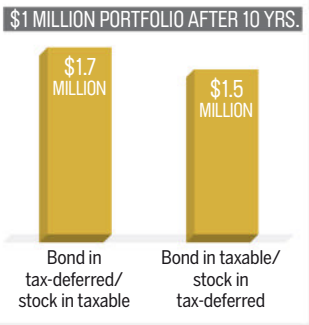
Don't worry if your 401(k) gets bond-heavy as a result. "What matters is the *overall* balance of stocks and bonds across your various portfolios," says Southfield, Mich., financial planner Melissa Joy.

For specialty bonds or commodities, use an IRA. Among the biggest losers over the past year have been global bonds (emerging-markets bond funds are down more than 8%) and commodities (down 25%). Both are relatively tax inefficient. For instance, gold funds that own physical metal are taxed at the "collectibles" rate, which can go as high as 31.8%.

Since both are small parts of your overall strategy, they're perfect for IRAs, where annual contributions are capped at $5,500 ($6,500 if you are 50 or older).

Asset Relocation

As you rebalance, shift stocks to your taxable accounts, and bonds to tax-deferred.



NOTES: After-tax results based on 50% stock-index funds/50% bond portfolio, with marginal tax rate of 35% and capital gains rate of 15%. ***SOURCE:*** *Vanguard*

Save taxable accounts for tax-efficient assets. That means municipal bonds, which are usually tax-exempt, and index funds. Since they rarely sell, stock-index funds won't generate many unexpected tax bills, says Brookfield, Wis., adviser Andrew Houte.

IF YOU MUST SELL ...

First sell shares in your tax-advantaged accounts, where you won't be hit with a tax bill (the typical rate is 15%). Realistically, though, that may not be enough to fully rebalance. In that case:

Pair losers with winners. Selling a winning stock in a brokerage account leads to a capital gains bill. Well, not necessarily. Say you do end up selling winning equities like health care stocks, which have doubled over the past five years. To lower taxes, sell a loser too—for instance, emerging-markets stock funds, which are down more than 20% over the past five years. The losses can be used to offset your gains dollar for dollar.

There is a catch. "Tax-loss harvesting" may alter your mix even as you're trying to rebalance. So reinvest the proceeds of the loss in a related investment. Under the IRS's "wash sales" rule, you aren't allowed to buy the same or a "substantially identical" security for a month to preserve the loss.

In this example, sell health care winners. Sell an actively managed emerging-markets fund. Then buy an emerging-markets index fund different enough to keep the tax break. The upshot: You rebalance without a huge tax bill, you maintain foreign exposure, and you reduce the cost of your portfolio.



Invest Like Your Grandparents

MILLENNIALS CAN AFFORD TO TAKE FLIERS ON RISKIER STOCKS. BUT WHY DO THAT IF YOU DON'T HAVE TO?



by John Waggoner

BECAUSE YOUNG INVESTORS have so much time ahead of them, they're able to ride out the occasional face-melting downturn. That's why you'll often hear that newbies can take more risks with stocks, especially shares of small companies, which like them are unpredictable but filled with potential.

Yet millennials would be better off going with companies that their grandparents likely favor: stodgy but dependable Steady Eddies that will slip you a few bucks every now and then in the form of a dividend.

THE DIVIDEND DIFFERENCE

True, shares of small budding companies have beaten big blue-chip stocks by two percentage points a year since 1926, according to Ibbotson Associates. This 89-year pattern has held true more recently as well. The S&P 600 small-cap index has gained an annualized 9.9% over the past 20 years, vs. 8.1% for the S&P 500 index of large stocks.

However, big stocks that pay *and consistently raise* dividends have actually beaten small shares over the past 10, 15, and 20 years. Take the S&P Dividend Aristocrats index, which consists of firms that have boosted payouts every year for at least 25 years. It has gained 11% annually over the past two decades. This group includes names that fit right in your grandmother's portfolio, such as Coca-Cola and Procter & Gamble.

One thing Grandma may not have told you: Dividends have accounted for more than 40% of the S&P 500's total return since 1926. The younger you are, the sooner you can take advantage of that by reinvesting the cash in the market and compounding your gains.

GRAYING YOUR PORTFOLIO

If you want to go old school, try an equity-income fund like **American Century Equity Income** (TWEIX), which has averaged 9.6% a year for the past 20 years and charges a slightly below-average 0.93% of assets a year. For a much cheaper index fund option, there's **ProShares S&P 500 Dividend Aristocrats ETF** (NOBL), which yields 2.34% and charges just 0.35%.

These days you don't have to limit yourself to the U.S. Through **PowerShares International Dividend Achievers ETF** (PID), you can gain exposure to global dividend growers such as the pharmaceutical giant GlaxoSmithKline and the spirits maker Diageo.

It may be more exciting to invest in an emerging company like Shake Shack or GoPro. But there's something to be said for buying proven winners and holding on. Says Rhode Island financial planner Malcolm Makin: "When I look back over my life, I wish I had bought Procter & Gamble or any number of solid, stable companies."

Columnist John Waggoner is the author of three books on Wall Street and investing.

Illustration by TAYLOR CALLERY

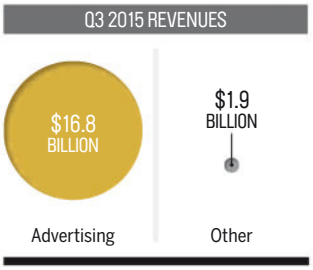
X-Ray: Alphabet (a.k.a. Google)

THE TECH GIANT RESTRUCTURED BUT HASN'T REALLY CHANGED. *by Taylor Tepper*

Search has always been at Google's core. Yet one thing investors could never look up was how the behemoth's other businesses—from driverless cars to the connected home to YouTube—were affecting the bottom line. So founders Larry Page and Sergey Brin rechristened the company Alphabet, making old Google just one of several divisions. Is this a sign the company is trying to de-emphasize search? Will this put pressure on futuristic projects to start turning a profit soon? Or is this just window dressing to get investors to pay attention to this tech giant again?

Search Still Rules

Google's search-related advertising still dominates Alphabet.

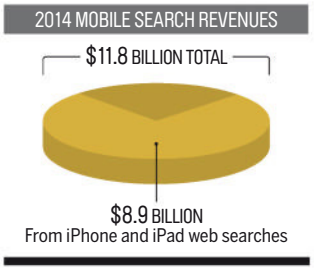


The reorganization was in part meant to shine a light on Alphabet's wide array of other businesses, from Google Ventures (which has seeded companies like Uber and Slack) to Calico (a biotech lab working on longevity) to Nest (makers of smart thermostats and smoke detectors). But the truth is, 90% of revenue still comes from advertising, and much of that is tied to traditional search and related services, like Gmail, Google Maps, and the Chrome browser.

More than two-thirds of global desktop search is still done via Google, says Net Market Share, as are about nine in 10 mobile and tablet searches. "Google's dominance will persist and not lose more than three to five points of market share," says Morningstar analyst Rick Summer.

Mobile Is a Mixed Bag

Despite owning Android, Alphabet does not control smartphones.

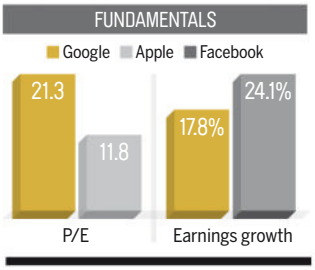


The new structure will make it easier for Wall Street to figure out how each division of the company is doing. That's not necessarily a good thing. Take mobile. It was certainly a prescient move for the company to purchase Android in 2005, ensuring Google would be a dominant player in the post-PC, mobile world. Trouble is, it hasn't been all that profitable.

Alphabet doesn't make much licensing Android to phonemakers such as HTC. Smartphone users also spend 85% of their time in apps, not search. And since Apple iOS users are wealthier and use their phones more often, Google generates 75% of its mobile ad revenues from them, according to Goldman Sachs. This is why Google has paid Apple billions to be Safari's default search engine.

Stuck in the Middle

Alphabet is neither the fastest-growing nor cheapest tech stock.



After a rough 2014, Google shares jumped this summer after the restructuring was announced, and again in October after reporting good mobile results at YouTube and a $5.1 billion stock buyback. The shares are now up 35% in 2015.

But don't expect a more profitable or forthcoming company just because of the new structure, notes Pivotal Research Group analyst Brian Wieser. Alphabet's earnings growth rate still lags Facebook, which has made big inroads in mobile ads. "Facebook remains an open-ended challenge," says Chris Baggini, senior portfolio manager of Turner Titan II Fund, which owns Google. Meanwhile the shares are twice as pricey as Apple's. That puts Alphabet between the proverbial rock and a hard place. M

NOTES: *Price/earnings ratios are based on projected profits.*
SOURCES: *Bloomberg, Goldman Sachs, Google*

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About Hennion & Walsh

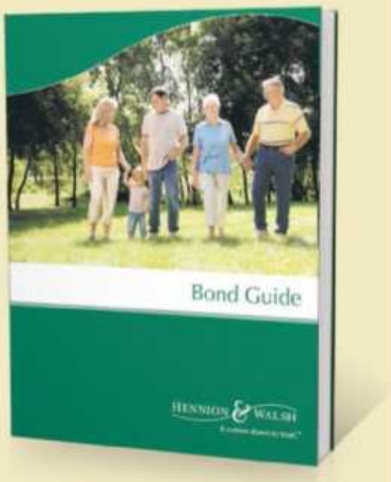
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Here's just some of what you'll learn . . .

Why municipal bonds may deserve a place in your portfolio. (Page 1)

Why insured bonds often provide an extra degree of security. (Page 2)

Why municipal bonds can potentially provide safety of principal. (Page 3)

How municipal bonds can potentially provide tax-free income. (Page 3)

Strategies for smart bond investing. (Page 4)

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17 SMART WAYS TO PROSPER IN 2016

A steady economy will buoy your investments, but you'll need some savvy moves to snag a great raise or a higher price for your house. Here are the big trends affecting your fortunes in the year ahead, and a point-by-point action plan to capitalize on them.

By DANIEL BORTZ, PAUL J. LIM, IAN SALISBURY, TAYLOR TEPPER, *and* JOHN WAGGONER

ILLUSTRATIONS BY **BEN MOUNSEY**

THE BIG TREND

YOU'LL GET ONE MORE BITE AT THE BULL-MARKET APPLE

SURVIVORS OF CLOSE-CALL accidents sometimes emerge not scared and withdrawn but reinvigorated and confident. The same holds true for bull markets that almost come crashing down. After a harrowing late-summer selloff—sparked by a global panic over China's deteriorating economy—the nearly seven-year-old rally has gotten a new lease on life. From August's low point, the S&P 500 has already rebounded more than 11% as of early November. And signs point to a continued resurgence. Stocks could climb another 8% in 2016, says S&P Capital IQ, which calculates a market outlook based on earnings trends and investors' current valuation of stocks.

Economic fundamentals certainly provide some reason for optimism. The U.S. economy shows few signs of slipping into recession, with GDP expected to grow a modest but respectable 2.7% next year, according to the Blue Chip Economic Indicators survey of business economists. Corporate earnings, which were stagnant this year, are expected to reaccelerate and grow at 8% in 2016.

Market psychology also points to positive momentum. The autumn rebound included a rare cluster of days in which trading volume in rising stocks swamped the volume on falling stocks by a ratio of more than 5 to 1. That suggests investors are looking harder for reasons to buy than for reasons to sell, says James Stack, president of InvesTech Research. In the past when equities have hit the 5-to-1 ratio on multiple days, says Stack, they've tended to rise in the following 12 months—by an average of 24%.

YOUR ACTION PLAN

Go big. The market rise that began in March 2009 is now the third longest in history. That argues for shifting some of your stock assets to stable, large companies. Ned Davis Research has found that while small companies have the most sizzle in the first two-thirds of a bull, the advantage shifts to the big blue chips in the final third.

Shares in large-company stocks also tend to be less volatile. That's important now. "The bull can continue to run for another one to two years," says Anthony Valeri, investment strategist for LPL Financial. "The caveat is you should expect volatility to pick up."

Why? As an economic recovery matures, investors start eyeing the Federal Reserve nervously, expecting a series of interest rate hikes. The unemployment rate is now at its lowest level since 2008, and right on the verge of dropping below 5%. That raises the odds that the central bank will begin acting to stop the economy from running hot enough to stoke inflation. And historically, says James Paulsen, chief investment strategist for Wells Capital Management, volatility heats up when the jobless rate runs south of 5%.

This calls for seeking steady funds that will grow as the economy does, but that tend to lose less in random months when the market declines. For example, **American Century Equity Income** (TWEIX), with a 7% annualized return over the past decade, has beaten 72% of its large-cap value-fund peers. Part of that outperformance is because it has lost about a third less than the market in down months.

Go for big profits too. Speculative sectors of the market—looking at you, biotech stocks—haven't bounced back as much from the summer drop as the general market has. Investors are shifting to companies that are already

HOW 2015 SHAPED UP

A scorecard for last year's predictions.

WHAT WE GOT RIGHT: The U.S. shone amid global worries. We said that gross domestic product was likely to grow modestly, emboldening U.S. stock investors and boosting the value of the dollar by 5%. As it happened, America did grow faster than Europe and Japan, and the dollar was even stronger than expected, rising 10%.

The housing market got back to normal. Real estate looked to be a "drama-free zone" in 2015, we said, and for the most part it was. Home prices rose about 5% nationally, slightly better than CoreLogic's forecast for the year of 4.4% growth.

WHAT WE NEARLY GOT RIGHT: The job picture improved, *but* ... when the unemployment rate was forecast to fall from 5.9% to 5.7%, we said those with jobs could aim for big raises. As it turned out, the unemployment rate did fall, but all the way down to 5%. Yet while the highest performers

showing bottom-line results. "Ultimately it all comes down to earnings," says Mark Freeman, chief investment officer at Westwood Holdings Group.

To find reliable profits, Freeman adds, look in industries where revenues are rising. Four areas with both strong earnings and revenue growth are health care (biotech notwithstanding), consumer discretionary, financials, and technology.

You can emphasize all these without resorting to sector funds or individual stocks. More than three-quarters of the holdings in both **Dodge & Cox Stock** (DODGX) and **T. Rowe Price Blue Chip Growth** (TRBCX) are in those four sectors. Both funds have beaten more than 90% of their peers over the past three and five years, and they are on our MONEY 50 list of recommended mutual funds and ETFs.

Avoid drama in bonds. Fixed-income investors have some reason to feel jittery coming into 2016. The prospect of Fed rate hikes will weigh on U.S. bonds, since prices fall when rates rise. Don't panic, though. Fears over rising rates have been with us for years, and the Fed is likely to go slow.

To get some more yield now without taking on too much added risk, look to high-quality tax-advantaged munis, says Mary Ellen Stanek, chief investment officer for Baird Advisors.

THE BULL MARKET IS STILL ALIVE, BUT ...

Brace Yourself for a Rockier Ride

Volatility tends to rise as bull markets age ...

AVERAGE NUMBER OF DAYS WITH AT LEAST 1% SWING IN THE S&P 500



... and when unemployment improves as a recovery matures.

% OF MONTHS IN WHICH U.S. STOCKS DECLINE

45% When unemployment is 5% or less

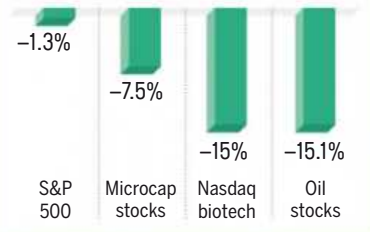
38% When unemployment is above 5%

NOTE: Months with stock declines since 1948. SOURCES: *S&P Capital IQ, Wells Capital Management, YCharts.com*

Expect a New Focus on Earnings

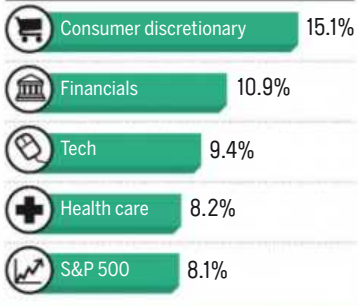
Speculative areas with spotty earnings have had a rougher time lately ...

PRICE CHANGE SINCE 2015 PEAK



... so go with sectors with strong growth.

2016 PROFIT GROWTH FORECAST



AAA-rated 10-year municipal bonds yield 2.08%, the equivalent of earning 2.9% on a taxable bond if you are in the 28% bracket. Yet 10-year Treasuries are paying just 2.3%.

For a diversified national muni fund, go with **Vanguard Intermediate-Term Tax-Exempt** (VWITX), which is in the MONEY 50. More than 75% of the fund's holdings are in bonds rated AA or AAA. Investors in high-tax states including New York and California can get further tax savings using Vanguard's state-specific municipal funds, which boast very low costs.

Embrace some drama in foreign stocks. Historically, U.S. and foreign stocks take turns leading the markets for a multiyear stretch. Yet since the bull market began in March 2009, the S&P 500 has doubled the gains of foreign shares in general and emerging-market stocks in particular. As a result, emerging-market shares are now 50% cheaper than U.S. stocks, based on five years of earnings. Historically, the typical discount is 15%.

Based in part on those cheaper prices, the money managers at Research Affiliates think emerging-market shares could return seven percentage points more than U.S. stocks annually over the next decade. Trouble is, to gain that result you need to buy these stocks *before* they rally, and you'll see a lot of volatility in the meantime. You'll need a lot of patience.

T. Rowe Price Emerging Markets Stock (PRMSX) is a seasoned pick on the MONEY 50. The fund holds only 10% of its assets in commodity-related sectors, which have been hit hard by China's troubles. The typical emerging-market fund holds twice as much.

got a bigger bump, typical raises for salaried employees were unspectacular for a recovery, at about 3%.

The oil glut held down energy prices, *but* ... prices actually fell significantly more than we expected. Instead of dropping to $75 a barrel, crude oil slid below $50.

WHAT WE GOT WRONG: Millennials were expected to drive economic and housing-price growth, *but* ... demand for real estate among the younger set didn't jump. Homeownership among 35- to 44-year-olds is lower now than it's been in 20 years.

THE BIG TREND

THE HOUSING RECOVERY BEGINS TO COOL

REAL ESTATE ENJOYED a better-than-average rebound in the past three years. But while home values jumped 24%, workers' incomes haven't kept pace; wages are up just 7% in that time.

That means, once again, Americans who don't own are finding houses out of reach. Homeownership rates for 35- to 44-year-olds has continued to sink ever since the global financial crisis, according a Harvard study. Yet Gen Xers and millennials are exactly the type of first-time buyers who are needed to propel the market.

Factor in the likelihood of higher rates next year, and don't be surprised if prices rise just 3% in 2016, according to Moody's Analytics. That's down from 5% this year and 11% in 2013. "Home prices have to plateau until the rest of the economy catches up," says RealtyTrac analyst Daren Blomquist.

ACTION PLAN

Be patient. There's little reason to race to list your home next year if you can wait, says Redfin chief economist Nela Richardson. While the inventory of single-family homes is expected to rise in the next several years, demand will too, driven by millennials who will eventually emerge from Mom and Dad's basement. "Demographics are on your side," Richardson says.

If you must sell, price it right. Until millennials are ready to buy, demand will be modest, so don't waste opportunities. Set your listing too high and your home could languish on the market, making it harder to move even if you slash your price later on. Keep in mind that real estate website listings usually get four times as many visits in the first week as they do after one month, according to Redfin.

The trick, says Beverly Hills broker Bahare Rabadi, is to choose an aggressive but realistic listing price right out of the gate. Use actual sales data, not asking prices, of nearby homes that are truly comparable to yours. Key variables to focus on, says Rabadi, are location, views, and square footage, since these things can't be easily changed—unlike, say, kitchen updates or backyard amenities.

Next step: Gauge your market's health by looking at the number of homes waiting to be sold. In general, markets with fewer than six months of inventory favor sellers, who can then set prices aggressively. Greater than that and buyers have the upper hand. (To look up this data, go to Realtor.com, then click on the Data Center section under the News & Advice tab.)

If you're in a soft market, make buyers feel as if they're getting a good value. One way to sweeten the pot without slashing the price is to throw in extras like a credit for refurbishing scuffed floors or to cover closing expenses. The cost to you—say, $2,000 to $3,000—may not be much different from a 1% price cut, but the psychological effect on shoppers is bigger. "It removes the objection in the buyer's mind and helps seal the deal," says Las Vegas realtor Linda Rheinberger.

Flex your muscle as a buyer. In a soft market where other buyers aren't crowding you, be aggressive with an initial bid that's 10% below what you're willing to pay, says Brian Buffini, founder of a company that trains brokers. This way you get to anchor the negotiations around your initial bid, not the asking price, leaving you room to haggle comfortably.

In a more competitive market, established buyers still have an advantage vs. struggling younger bidders, Buffini says. Make sure sellers are aware of your financial wherewithal. Offer more than 20% down and get lender pre-approval, which can help smooth the closing.

Renovate before it's too late. Home-renovation spending only recently returned to pre-financial-crisis levels. Don't miss your chance to finance home improvements cheaply, says Denver real estate agent Paul Stone.

Interest rates on home-equity loans are still low but are due to rise in coming years. So owners who aren't looking to sell should consider updating their homes now. Modest projects that will eventually pay off with millennial buyers down the road include replacing old windows with energy-efficient ones. Plus, until you sell, you can save on heating bills. Says Stone: "It benefits the buyer and the seller."

TALE OF TWO MARKETS

While most markets are expected to rise next year, how much of a bump varies depending on region.

WHAT'S HOT	
Sacramento	15.0%
Fort Lauderdale	14.0%
Seattle	7.2%
WHAT'S NOT	
Houston	1.1%
Knoxville	1.7%
Detroit	2.7%

NOTES: 2016 forecast for single-family homes.
SOURCE: CoreLogic

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THE BIG TREND

THERE WILL BE RAISES, BUT YOU NEED A HOOK

THE UNEMPLOYMENT RATE dropped to 5% in October, the lowest in seven years. That sounds like the sort of hot job market that would give you serious bargaining power. But the pay bumps companies plan to give most salaried workers in 2016 are just ... okay. A survey of employers by Aon Hewitt puts raises at 3%, about the same as last year and below the 4% that was more typical before the 2008 recession. This looks better if you consider that inflation has been running low, but this deep into a recovery, you might expect to be gaining more ground.

Peter Cappelli, a labor economist at Wharton, says part of the issue is that many people stopped looking for work after a brutal recession and so aren't counted in the main unemployment number. Even as hiring picks up, companies may feel less pressure to raise wages as some of those people trickle back into the workforce.

Employers have also shifted their strategy for rewarding employees. Since the mid-1990s, says Aon Hewitt, variable pay, such as bonuses, has gone from 7.5% of payroll to almost 13% today. Bonuses, unfortunately, don't build on themselves over the years like raises can. So to nab a better-than-average bump in the coming year—or get a higher-paying job elsewhere—find ways to make your long-term value more visible.

YOUR ACTION PLAN

Use metrics as leverage. Focus your salary negotiation on hard evidence. "Managers want to see quantifiable achievements," says Nancy Segal, owner of HR consulting firm Solutions for the Workplace.

And yet many employers don't track performance measurements carefully. So the onus is on you to know your numbers and highlight the ones that are most compelling. Maybe you've done something in the past 12 months that moved the needle for the company's bottom line (for example, closed $2 million in sales volume). Even if your work can't be measured in dollars, you can still find data to showcase your outstanding performance. A web designer may have helped boost traffic by 100,000 page views per month. Or perhaps you streamlined a process to trim meeting times from 60 to 30 minutes. (What manager wouldn't love that?)

Suss out the key skills you need on your résumé. Employers complain that talent is in short supply, with one-third reporting difficulties filling vacancies because of a lack of people with the right training, according to ManpowerGroup. "If you have the right set of skills, it could pay off to find a new employer," says Cappelli.

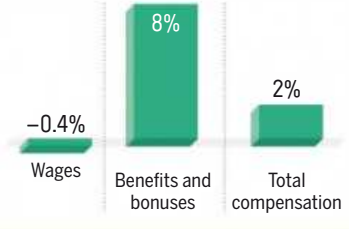
To learn what employers are looking for now, LinkedIn can be a powerful tool, advises job-search and social-media coach Miriam Salpeter. Use the site to visit the profiles of companies you'd like to work for and see people connected to that organization who are also in your network. Note the abilities and credentials they highlight in their profiles.

Find low-cost ways to train up. "You can't count on a prospective employer to have a training program," says PayScale lead economist Katie Bardaro. Websites including Udemy and Coursera offer courses in marketable know-how—from data analysis in Excel to mastering Salesforce software—for free or at a modest cost.

WHY YOU'LL HAVE TO MAKE YOUR CASE

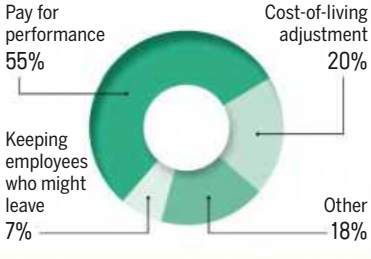
Employers are spending more on benefits and bonuses, but not on wages.

CHANGE SINCE THE END OF THE RECESSION, AFTER INFLATION



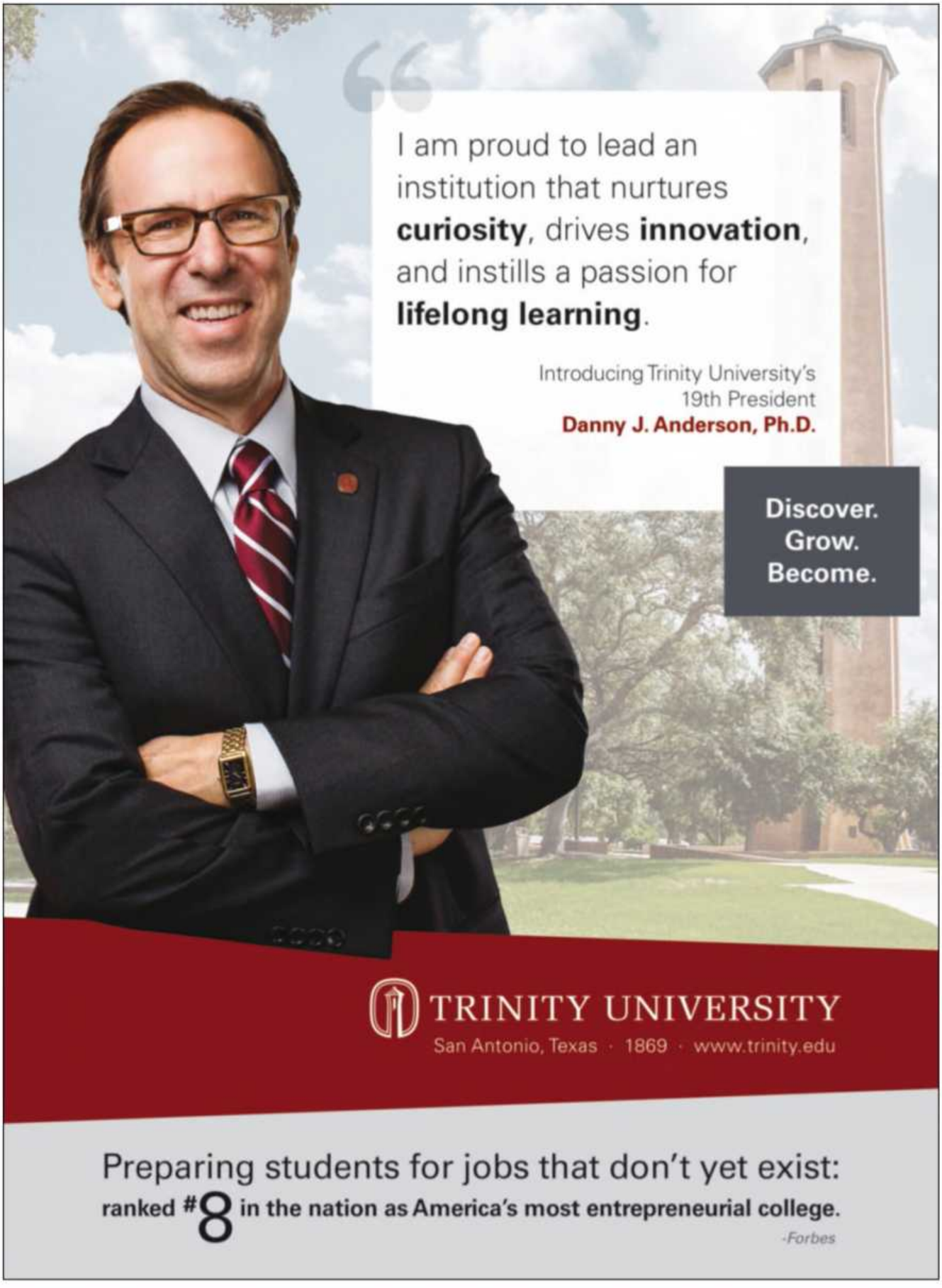
And they say they care more about your performance than the cost of living.

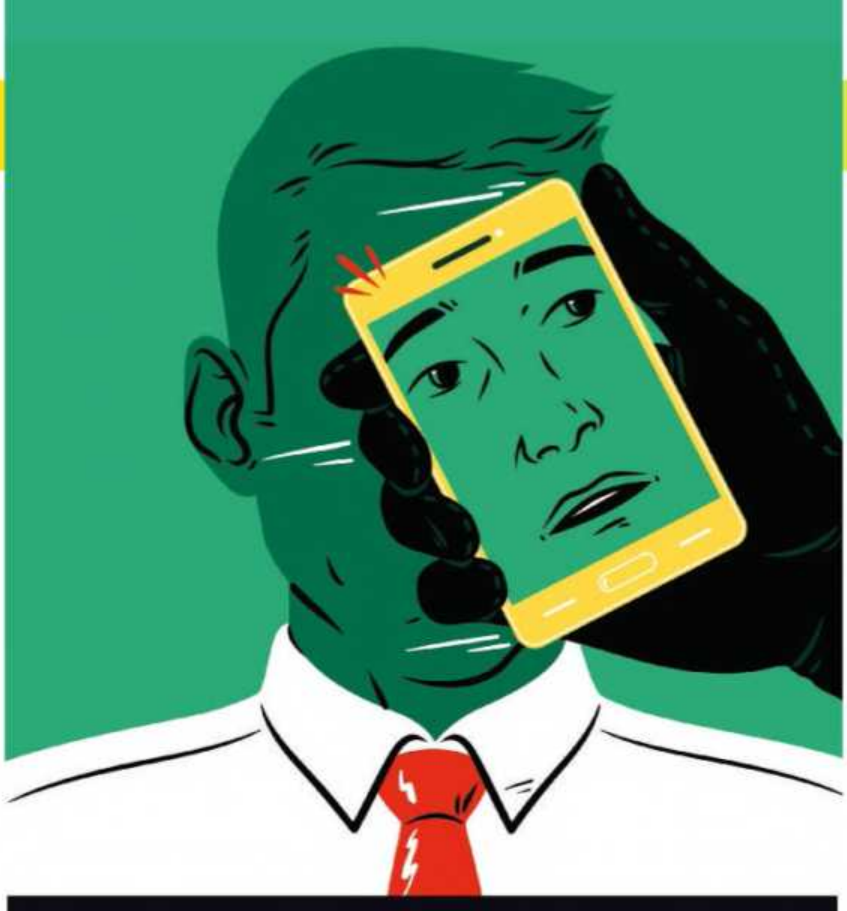
MAIN REASON FOR GIVING RAISES



NOTE: Employer cost for managers and professionals, per hour worked. SOURCES: Bureau of Labor Statistics, PayScale

WHAT'S YOUR ACTION PLAN FOR 2016? TELL US AT *letters@moneymail.com.*


I am proud to lead an institution that nurtures **curiosity**, drives **innovation**, and instills a passion for **lifelong learning**.
Introducing Trinity University's 19th President
Danny J. Anderson, Ph.D.
Discover.
Grow.
Become.
TRINITY UNIVERSITY
San Antonio, Texas · 1869 · www.trinity.edu
Preparing students for jobs that don't yet exist:
ranked #8 in the nation as America's most entrepreneurial college.
-Forbes



THE BIG TREND

ONLINE CROOKS LEARN NEW TRICKS

IN 2016 YOU'LL SEE a noticeable change in the security of your credit cards—but that will be no reason to let your guard down. By the end of next year, 84% of credit cards will have a secure computer chip, according to Mercator Advisory Group. (Look for a replacement card in the mail soon, if you haven't gotten one already.) The chip makes it harder for crooks to manufacture fake cards to use in stores. Trouble is, it won't do much to stop them from using stolen card data online, says Identity Theft Resource Center chief executive Eva Velasquez.

Meanwhile, other kinds of scams are "becoming more targeted and intelligent," says Satnam Narang of tech-security firm Symantec. Instead of sending random spam, crooks keep honing ways to impersonate legit companies you do business with, to lure you into giving up banking info, log-in credentials, or personal details like a birth date or Social Security number. For example, one recent strike aimed at LinkedIn users sent them an email with an attachment to update their security details, but actually sent that information to identity thieves.

For many, the horse is already out of the barn. Tens of millions of data records, including names, Social Security numbers, and birthdays, were found to have been stolen in the past year. The sources included health insurers and even the federal government (see page 68). Purloined data is so common that its price on online black markets dropped 75% in 2015, according to Trend Micro. Yet it can still potentially be used to open fake accounts in your name or even to file your taxes and nab your refund. According to a federal study of 2013 filings, almost 1 million refunds were paid to fraudsters for that year.

YOUR ACTION PLAN

Keep your eye on the right risks. The new chip cards may be reassuring, but stolen credit card numbers are a bigger problem for banks than for you. By law, you're responsible for only $50 of fraudulent purchases, and in practice most issuers will charge you nothing. Debit cards are trickier: The legal limit on your loss is higher (again, your bank may offer additional protection), and you may be left short of cash while you sort things out. So you are better off using a credit card as your go-to plastic, says Velasquez, assuming you pay your bill in full.

A bigger concern is someone opening a credit account in your name. Detect this by ordering a free credit report each year from each of the three

CHANGE OLD PASSWORDS

It's your first line of defense—but for many people, it's a weak one.

Percentage of consumers who say they ...



SOURCE: TeleSign

credit agencies—Experian, TransUnion, and Equifax—at AnnualCreditReport.com. Many credit cards, from issuers including Discover, American Express, and Citi, now offer free monthly FICO or similar credit scores. If you see a big change that doesn't make sense, you'll know something's up. While you investigate, place a 90-day fraud alert for free with one credit agency, and it will alert the other two.

Unless you initiated contact, clam up. "Whether they say they're a retailer or the IRS, never authenticate yourself to any entity that's contacting you," says Adam Levin, co-founder of Credit.com. Add banks and social media accounts to that list. If you get an email asking for personal details, click on nothing and close it. Give information only if you've logged in directly to a site you trust or called customer service yourself.

File taxes early, if you fit the profile. Velasquez says there's not much you can do to stop tax-refund fraud—this one's up to the IRS to foil. (In 2013 it did catch 4 million fake returns for the million that slipped through.) But if you know your Social Security number has already been nabbed in a data breach, it makes sense to file as early as you can to beat potential fraudsters to the punch or change your withholding to minimize the refund you're due. If you do get stung, contact the IRS and file Form 14039, the identity-theft affidavit.



Didn't change their password afterward



Say they aren't confident their passwords protect them

THE BIG TREND

THE DOLLAR WILL STILL GO A LONG WAY

THE U.S. DOLLAR rolled over the euro like a tank over a Tonka truck this year. And there's no reason to think it won't keep going. The buck, which buys 0.93 euros (up 12% in 2015) could reach parity with the euro next year, assuming the Fed lifts rates, says Ronald Simpson, managing director of global currency analysis at Action Economics.

The reason: Money flows to currencies that pay the highest interest. While the Fed is likely to raise rates next year, central banks in Europe, China, and Japan are poised to lower or sit on rates to try to reflate their weak economies. "The Fed is the only central bank not talking about easing," Simpson says. And if the global economy takes a turn for the worse, the dollar still stands to benefit, as the U.S. is viewed as a shelter in a storm.

YOUR ACTION PLAN

Hedge some of your bets. A rising dollar erodes returns Americans earn on overseas investments. Germany's stock market, for example, gained 8.3% in the first 10 months of 2015. But when that was converted back to dollars, U.S. investors got hit with a 1.1% loss.

To be sure, the value of currencies ebb and flow over time, and you want some assets held in foreign currencies for diversification. But there's a reason to hedge your foreign bonds aside from preserving gains next year. Currency fluctuations account for two-thirds of the volatility of foreign bonds over time.

Whenever it buys debt denominated in a foreign currency, **Vanguard Total International Bond** (VTIBX) offsets the move with futures contracts that effectively expose the fund to an equivalent amount of dollars.

For overseas stocks, currency volatility is less of a concern, since equities are rocky to begin with. But there's a strong case to hedge new overseas investments next year to protect gains. Over the past three years **Deutsch X-Trackers MSCI EAFE Hedged Equity** (DBEF) has beaten 99% of its peers.

Buy American stocks. An obvious play on the dollar next year is to stick with companies that do most of their business here, says Todd Rosenbluth, director of ETF research for S&P Capital IQ. Among the top holdings in **WisdomTree Strong Dollar U.S. Equity Fund** (USSD) are U.S.-centric companies like Verizon and UnitedHealth Group.

Take foreign vacations. A 30-euro dinner in Paris would have set you back $41.41 at the start of the year. By mid-October, that fell to $33.06 and could soon be headed to $30. Delicious.

Seek out trips to distressed economies, and you'll get low prices on top of good exchange rates. A night at the Hilton Athens in April is listed at about $155 a night, vs. $263 for the Hilton Paris Opera hotel. Kurt Crowl of Connoisseur Travel in Washington, D.C., says prices in Istanbul, where the Turkish lira is near an all-time low, are particularly low now.

Other places to look: commodity-focused economies hurting in the global slump like Canada, whose dollar has fallen nearly 20% vs. the U.S. buck since January. The Brazilian real is down about 30%. If you want to stay in this hemisphere, "all of South America is amazing," Crowl says.

YOUR YEAR *in* MONEY

THE WINNERS AND LOSERS, LESSONS AND LOSSES, STEALS AND DEALS THAT MADE NEWS IN 2015—AND WHAT THEY MEAN FOR YOU IN THE YEAR AHEAD.

PHOTO ILLUSTRATION BY SEAN McCABE

Gas was down; rents were up. Jobs rebounded nicely, although salaries stayed flat, sadly. Apple proved it could win over the wearable world—along with most everything else—but got a beat-down from Taylor Swift. And a fictional woman named Ashley Madison scared the bejesus out of millions of married men, while an epidemic of cyberbreaches rattled just about everyone. On the plus side, Janet Yellen held her fire (so far), and Wall Street couldn't have been happier. Happiest of all may be investors in one particular TV network. After all, Netflix really is the new money machine. That's the story of 2015 in a nutshell, told here in all its tumultuous, Technicolor glory. It's a fun trip down memory lane, but if you read these lists carefully, you may also find some valuable lessons for the coming year. ➳


ATM
BLUE BELL ICE CREAM
amazon
jumbo eggs
bp
regular
Esc
Del
Delete
STARBUCKS COFFEE
WHOLE FOODS
10:09
Top Story
Oldest message in a bottle ever found
LON
6:09
68°



YEAR OF THE TRUCK Car sales were up 5%, but trucks were the big movers. The four top sellers ➤➤ **1. Ford F-Series** ($27,225): 564,451 sold YTD

YOUR YEAR IN MONEY

The Economy

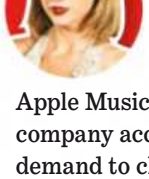
WINNERS OF THE YEAR

AS RANKED BY THE EDITORS OF *MONEY*



1. TAYLOR SWIFT

Last year Swift took on Spotify; this year she got Apple Music to blink. The company acceded to her demand to change how it paid musicians, which meant *1989* fans could enjoy their free trial and their favorite artist too.



2. DANNY MEYER

In a bid to transform how Americans dine, the restaurateur said he would do away with tipping at his high-end venues. Meanwhile, his stake in new-IPO burger joint Shake Shack was worth $347 million at press time.



3. STAR WARS

The Force Awakens is already exerting a gravitational pull on your wallet. The movie has racked up more than $1 billion in merchandise sales and $6.5 million in advance IMAX tickets—and it doesn't even open until Dec. 18.



4. AMERICAN PHAROAH

Clutching a potential piece of history, very few of the 94,128 people who bet $2 on Pharoah to win the Belmont—and thus become the first Triple Crown winner in 37 years—cashed in the slips (which paid $3.80).

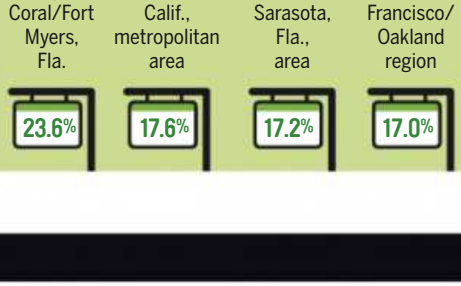
"Is anyone else freaking out right now? I'm kind of freaking out."

—DAN PRICE

The CEO of credit card processor Gravity Payments, after announcing that he would raise the salary of all 120 of the company's employees to a minimum of $70,000, in part by cutting his own million-dollar paycheck.

BEST PLACES TO HANG A FOR-RENT SIGN

The current surge in single-family home rentals is "unprecedented," reports the Harvard Joint Center for Housing studies. These four areas saw the biggest year-over-year rent increases through Sept. 30.



The Worst Cyber-attacks

Another day, another data breach. In 2015 not even the feds could avoid getting hacked.

TARGET	1 ANTHEM	2 ASHLEY MADISON	3 OFFICE OF PERSONNEL MANAGEMENT	4 EXPERIAN
WHEN IT TOLD US	Feb. 4, 2015	July 20, 2015	June 4, 2015	Oct. 1, 2015
NUMBER OF RECORDS ACCESSED	78.8 million	37 million	21.5 million	15 million
TYPES OF RECORDS	Social Security numbers, member ID numbers, other personal data	Names, passwords, email addresses, phone numbers	Social Security numbers, fingerprints	Social Security numbers

NOTES: Truck prices are base model MSRP. ***SOURCES:*** *Motor Intelligence; Truecar.com; IMAX; Harvard Joint Center for Housing Studies; RentRange.com; State of California Office of the Attorney General; IRS.gov; ABC News; Fortune.com; Wired; Identity Theft Resource Center; Privacy Rights Clearinghouse; company press releases*

PREVIOUS SPREAD, PHOTOGRAPHS BY GETTY IMAGES (23), REUTERS (BP, STARBUCKS), ISTOCK (BLUE BELL, ATM), AP (CAR AIRBAG, NETFLIX), COURTESY OF DISNEY (STAR WARS), COURTESY OF APPLE (WATCH), EVERETT COLLECTION (MAD MEN)

⬆ 1.3% YOY // **2. Chevrolet Silverado** ($27,815): 440,904, ⬆ 15.4% // **3. Ram P/U** ($27,240): 330,643, ⬆ 3.4% // **4. GMC Sierra** ($28,315): 161,653, ⬆ 9.8%

2015 ROGUES GALLERY

Ice cream, soccer, and road trips—they're supposed to be fun. This year those simple pleasures got caught in some high-stakes scandals.

1. UNITED AIRLINES
CEO Jeff Smisek got $28.6 million in severance after stepping down amid a corruption debacle. Adding insult to injury for everyday air travelers, he also gets to fly first class for free—forever.

2. FIFA
In a blow to the world's most popular sport, U.S. prosecutors indicted nine officials of the international soccer organization in a $150 million bribery scheme.

3. VOLKSWAGEN
The German automaker took a huge hit when it admitted to faking pollution ratings in 9 million diesels. To atone, the company is giving owners $500 gift cards and a $500 credit at dealers.

4. BLUE BELL
The ice cream and frozen-snacks maker recalled all its products and trashed 8 million gallons of ice cream because of listeria contamination linked to at least three deaths.

5. TAKATA
In one of the biggest consumer recalls in history, roughly 34 million cars have been called back for faulty airbags made by the Japanese supplier, which was ordered to pay a fine of up to $200 million.



THIS SPREAD: PHOTOGRAPHS BY GETTY IMAGES (6); COURTESY OF FORD (TRUCK); COURTESY OF DISNEY (STAR WARS); COURTESY OF VW (CAR); ISTOCK (BLUE BELL); AP (TAKATA)

5 PREMERA BLUE CROSS	6 EXCELLUS BLUECROSS BLUESHIELD
March 17, 2015	Sept. 9, 2015
11 million	10 million
Social Security numbers, member ID numbers, bank account information, other data	Social Security numbers, member ID numbers, financial account information, other data

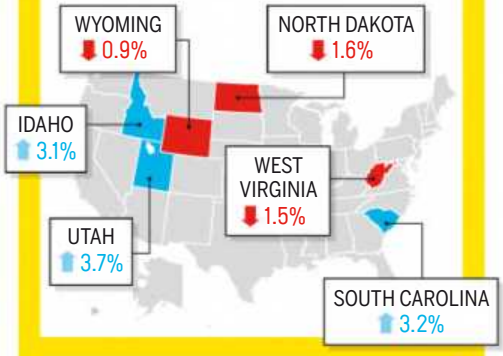
Hackers also hit **United Airlines, TurboTax, and the IRS,** using passwords and personal details obtained elsewhere.



Where the Jobs Are

JOB GROWTH/LOSS BY STATE

Job growth nationwide held steady at about 2%. But some places did a lot better—and others much worse.



JOB GROWTH/LOSS BY INDUSTRY

The measure of industries adding jobs (the "diffusion index") went up, a sign that more companies were growing than shrinking.

⬆
1. Information services: **+7.5%**
2. Nonstore retailers: **+6.5%**
3. Warehousing and storage: **+6.2%**
4. Computer systems design and related: **+5.8%**
5. **TIE** Pipeline transportation: **+5.7%**
 Misc. nondurable goods manufacturing: **+5.7%**
6. **TIE** Sightseeing transport: **+5.4%**
 Data processing, hosting, and related: **+5.4%**
7. Motor vehicle and parts manufacturing: **+5.3%**

⬇
1. Support activities for mining: **–18.3%**
2. Coal mining: **–9.4%**
3. Oil and gas extraction: **–7.0%**
4. Mining, excluding oil and gas: **–5.8%**
5. Water transportation: **–5.7%**
6. Communications equipment manufacturing: **–4.8%**
7. **TIE** Primary metals manufacturing: **–2.4%**
 Machinery manufacturing: **–2.4%**
 Sporting goods, hobby, book, and music stores: **–2.4%**

NOTES: *Year-over-year percent employment change from October 2014 to October 2015, seasonally adjusted. Information services excludes publishing, motion picture and sound recording, broadcasting, telecommunication, or data processing/hosting/related services.* ***SOURCE:*** *Bureau of Labor Statistics*



BESTSELLING BUSINESS BOOKS OF THE YEAR ➤➤ 1. *Get What's Yours* by Laurence J. Kotlikoff, Philip

YOUR YEAR IN MONEY

Investing

"Do you understand that for nearly four hours America's bankers had no idea how rich they were?"

—STEPHEN COLBERT

On the July 8 technical glitch that temporarily shut down the New York Stock Exchange

FOREIGN MARKET UPS AND DOWNS

International stocks fared worse than domestic shares overall, but some markets bucked the trend.

The Winners

1. Jamaica +**48.2%**
2. Hungary +**22.2%**
3. Denmark +**16.1%**
4. Argentina +**13.6%**
5. Russia +**13.1%**

The Losers

1. Kazakhstan −**48.3%**
2. Greece −**45.6%**
3. Brazil −**38.2%**
4. Ukraine −**36.3%**
5. Bulgaria −**35.0%**

WHAT THE FED SAID

When Janet Yellen and company talk, Wall Street listens. But that doesn't mean investors always read their thoughts as you'd expect.

1 JAN. 28
Fed removes phrase **"considerable time"** for when it will raise rates, signaling faith in the economy—and perhaps an impending rate hike.
Dow down 196 points

2 MARCH 18
This time, Fed ditches **"patient"** from its statement (as the Street expected) but says **"economic growth has moderated somewhat."** Investors bet on a delay in rate hikes and buy big.
Dow up 227 points

3 APRIL 29
Fed says the economy **"slowed during the winter months,"** a signal that it may delay raising rates.
Dow down 75 points

4 JUNE 17
Fed leaves rates untouched, despite noting that **"the pace of job gains picked up."** Wall Street, befuddled, sits on its hands.
Dow up 31 points

5 JULY 29
Fed displays calm despite global concerns, saying **"economic activity has been expanding moderately."** The Street feels reassured.
Dow up 121 points

6 SEPT. 17
Fed keeps rates steady but **"is monitoring developments abroad,"** enough to send slight shivers down Wall Street's spine.
Dow down 65 points

7 OCT. 28
Concerned about weak job growth, the Fed says it will **"assess progress—both realized and expected"** at the December meeting. For investors, no rate hike now (for now) is good news.
Dow up 198 points



MUTUAL FUND WINNERS AND LOSERS

Best and worst performers on the MONEY 50 list.

WINNERS

1. T. Rowe Price Blue Chip Growth (TRBCX)
YTD RETURN: **+15.1%**
2. Cohen & Steers Realty (CSRSX)
YTD RETURN: **+7.0%**
3. Primecap Odyssey Growth (POGRX)
YTD RETURN: **+6.5%**
4. T. Rowe Price Diversified Mid-Cap Growth (PRDMX)
YTD RETURN: **+6.2%**

LOSERS

1. Delafield (DEFIX)
YTD RETURN: **−12.6%**
2. Vanguard Emerging Markets Stock Index (VEIEX)
YTD RETURN: **−11.2%**
3. Royce Opportunity (RYPNX)
YTD RETURN: **−9.3%**
4. Berwyn (BERWX)
YTD RETURN: **−9.0%**

PHOTOGRAPHS BY GETTY IMAGES (9), AP (CHINESE STOCK MARKET, NETFLIX, WYNN), REUTERS (COHEN, STARBUCKS), SHUTTERSTOCK (AMAZON), SHAYLA HUNTER (KORS), COURTESY OF APPLE (COMPUTER), COURTESY OF VW (CAR), DREAMSTIME (WATCH)

NOTE: Prices for mutual funds and international stock markets as of close on Nov. 2, 2015.
SOURCES: Nielsen BookScan, Fidelity, Morningstar, Bitcoin Charts, Lipper, MSCI, Federal Reserve

Moeller, and Paul Solman, 160,000 copies sold (pub. Feb.) // **2.** ***Triggers*** by Marshall Goldsmith, 57,000 sold (May) // **3.** ***Elon Musk*** by Ashlee Vance, 54,000 sold (May)

THE YEAR'S BEST AND WORST CALLS

Some people have a gift for seeing into the future. And some people have a way of getting it wrong.

BRILLIANT



While most of Wall Street was bracing for an interest-rate hike, **DoubleLine funds chief Jeff Gundlach** was saying that rates would stay low—and so far they have.



Abby Joseph Cohen became famous for calling the 1980s bull market. This January she predicted the S&P 500 could reach 2300. The high: 2134.



After Bitcoin lost 80% of its value in 2014, **investor and booster Marc Andreessen** insisted the virtual currency was still "a thing of beauty." Into November 2015, it was up 27%.

MAIN STREET



Last January **billionaire Carl Icahn,** one of Apple's biggest shareholders, said his target price of $203 was too low. Shares of Apple were $115 then; they hover around $121 today.



Oil tycoon T. Boone Pickens told CNBC that oil would jump from $67 a barrel to $100 in the year. Today oil is at $47.



Famed for coining the term "BRIC" (Brazil, Russia, India, China) **economist Jim O'Neill** in January dismissed talk of a Beijing market bubble. Chinese equities went on to double—then plunged 30%.

SPECULATORS

Bad news, bacon lovers. In January **experts at the University of Illinois** predicted live pork prices in the mid-$60s per live hundredweight. Instead the market dropped as low as $41. And in October, the World Health Organization linked bacon to cancer.



BONEHEADED

WHAT'S ONLINE
For more of the year in lists, go to money.com/lists2015

Best of the Best

The consumer discretionary sector led the S&P, up 12.15%. The top five performing stocks were:



1. **Netflix** +120.6%
2. **Amazon** +102.5%
3. **Expedia** +58.6%
4. **Cablevision** +57.5%
5. **Starbucks** +51.7%

Worst of the Best

And these were the bottom five. The fashion industry and luxury goods stumbled through an especially rough year.



1. **Wynn Resorts** –51.5%
2. **Fossil** –50.2%
3. **Michael Kors** –48.1%
4. **Ralph Lauren** –40.1%
5. **Gap** –35.3%

GOT YOUR OWN LIST? *letters@moneymail.com*



YEAR OF THE WEARABLE Top sellers in technology that never leave your side (or wrist): 1. **Fitbit:** 8.3 million sold, $59 to $199 // **2. Apple Watch:**

YOUR YEAR IN MONEY

Your Wallet

WHO SAID THAT?

Did your mother ever tell you it isn't polite to talk about money in public? These outspoken folks don't buy that. Match the brash comment to the correct talking head. (Answers below.)



50 CENT



DONALD TRUMP



JESSICA SIMPSON



MARCO RUBIO

1 "The biggest money mistakes? I don't know. For some reason I thought of my first marriage."

2 "I had to work my way through school. I had to borrow money to go to school. Try telling my wife, early in my marriage, why someone named Sallie Mae was taking $1,000 out of our bank account every month."

3 "It has not been easy for me. I started off in Brooklyn. My father gave me a small loan of a million dollars."

4 "Walt Disney has filed bankruptcy. Donald Trump has filed bankruptcy. It means you're reorganizing your finances, but it does stop things from moving forward that you don't want moving forward."

REMODELING JOBS: THE MOST (AND LEAST) BANG FOR YOUR BUCK

Americans spent more than $300 billion on home makeovers, but it's the rare project that recoups its cost once the house is sold.

Top Return on Investment

1. Entry-door replacement (steel). RECOUPED COST: **101.8%**
2. Manufactured exterior stone veneer. RECOUPED: **92.2%**
3. Garage-door replacement. RECOUPED: **88.4%**

Minimal ROI

1. Sunroom addition. RECOUPED: **48.5%**
2. Home-office remodel. RECOUPED: **48.7%**
3. Bathroom addition. RECOUPED: **57.8%**

WHAT GOT PRICIER

1. EGGS
Because of a bird-flu epidemic, a dozen eggs neared $3, a **50% increase** over 2014.

2. DISNEY WORLD
A Platinum Plus Pass for non-Floridians went from $659 a year to $829, **up 26%.**

3. PRESCRIPTION DRUGS
Turing made headlines when it raised the price of Daraprim by **5,000%.** Specialty drugs overall went **up 20%.**

4. NETFLIX
Standard subs are **up 11%,** to $10 a month for new customers. The rest pay up in 2016.

WHAT GOT CHEAPER

4. DIAMONDS
About **14% less** precious this year. Why? Diminished demand in China.

3. AIRFARES
Prices were **down an average of 18%** year over year. Thank you, cheap oil.

2. COFFEE
The price per pound is near $1.15 on average, **down 18%** this year. Starbucks, take note.

1. GAS
At about $2 a gallon, regular costs **40%** less than in 2014 ($3.34).

ANSWERS: 1. SIMPSON 2. RUBIO 3. TRUMP 4. 50 CENT

PHOTOGRAPHS BY GETTY IMAGES (16), SHUTTERSTOCK (AMAZON), COURTESY OF MCDONALD'S (EGG MCMUFFIN), COURTESY OF FITBIT (FITBIT)

3.6 million sold, $549 to $1,099 // 3. **Garmin:** 1.4 million sold, $79 to $599 // 4. **Samsung:** 1.2 million sold, $20 to $350

RIVALRIES OF THE YEAR

Debating politicians aren't the only ones who are fun to watch when they're mixing it up in public. This year featured a bumper crop of business matchups.

BIG BEER VS. CRAFT BEER

Anheuser-Busch InBev and SABMiller, the world's two biggest beer companies, **JOINED FORCES** in a $104 billion merger. Will brew prices go up?



Well, the new company now owns 400-plus brands, including eight of the top 10 bestselling labels in the U.S.



JET.COM VS. AMAZON

Has Amazon become your go-to shopping center? Jet.com set out to **UNRAVEL** your "prime" relationship by pledging Costco-level prices and no **MEMBERSHIP FEE**, vs. the $99 Amazon Prime members pay. Your move, Mr. Bezos.





McDONALD'S VS. TACO BELL

Round one: Taco Bell ads **MOCK EGG McMUFFINS** as old-fashioned. Round two: The Golden Arches rolls out an **ALL-DAY BREAKFAST** menu in October. Winner: fast-food fans, who are lovin' the fact that McD's breakfasts are $1 cheaper on average than its other fare.





JENNIFER LAWRENCE VS. THE MEN OF HOLLYWOOD

Lawrence may have won an Oscar, but after the big Sony hack and leak, she discovered that she had **EARNED LESS** than her three Oscar-less male co-stars in *American Hustle*. **HER REVENGE:** an online column called "Why Do I Make Less Than My Male Co-Stars?" that went viral.





> *"You're gonna get a statement every month. Never open it."*
>
> —JACK BOGLE

The Vanguard founder's No. 1 piece of advice for retirement investors

THINGS WE SAID GOODBYE TO

1. Pay TV *(subs dropped 958,000)*
2. A&P *(a grocery staple for 156 years)*
3. *Mad Men (death of a TV salesman)*
4. US Airways *(united with American)*

BIGGEST TUITION HIKES AT PUBLIC UNIVERSITIES

Tuition rose 3% overall last year, but these schools raised prices the most from 2010 to 2015.

1. University of Tennessee, Knoxville **Up 54%** (to $12,436 a year)
2. University of Georgia **Up 45%** (to $11,622)
3. Louisiana State University and Agricultural and Mechanical College **Up 40%** (to $8,827)
4. West Virginia University **Up 29%** (to $7,632)
5. University of Arizona **Up 26%** (to $11,400)
6. University of Hawaii at Manoa **Up 26%** (to $11,164)
7. University of Mississippi **Up 25%** (to $7,444)
8. University of Virginia **Up 24%** (to $14,468)
9. State University of New York at Buffalo **Up 21%** (to $9,461)

Great Trips That Got Cheaper This Year

BY THE EDITORS OF *HOPPER*



1 RIO DE JANEIRO
The World Cup is gone, and with it sky-high airfares—at least until the 2016 Olympics. Average flight from U.S.: $642.



2 REYKJAVIK, ICELAND
Budget airline WOW began $99 nonstops from Baltimore and Boston (average roundtrip: about $700).



3 TOKYO
The yen fell slightly vs. the dollar, and carriers began direct service from Dallas and Chicago. The average flight is down 20%.



4 STOCKHOLM
Flights dropped 10% this year, and the Swedish krona fell about 18%. Average flight from the U.S.: $635.

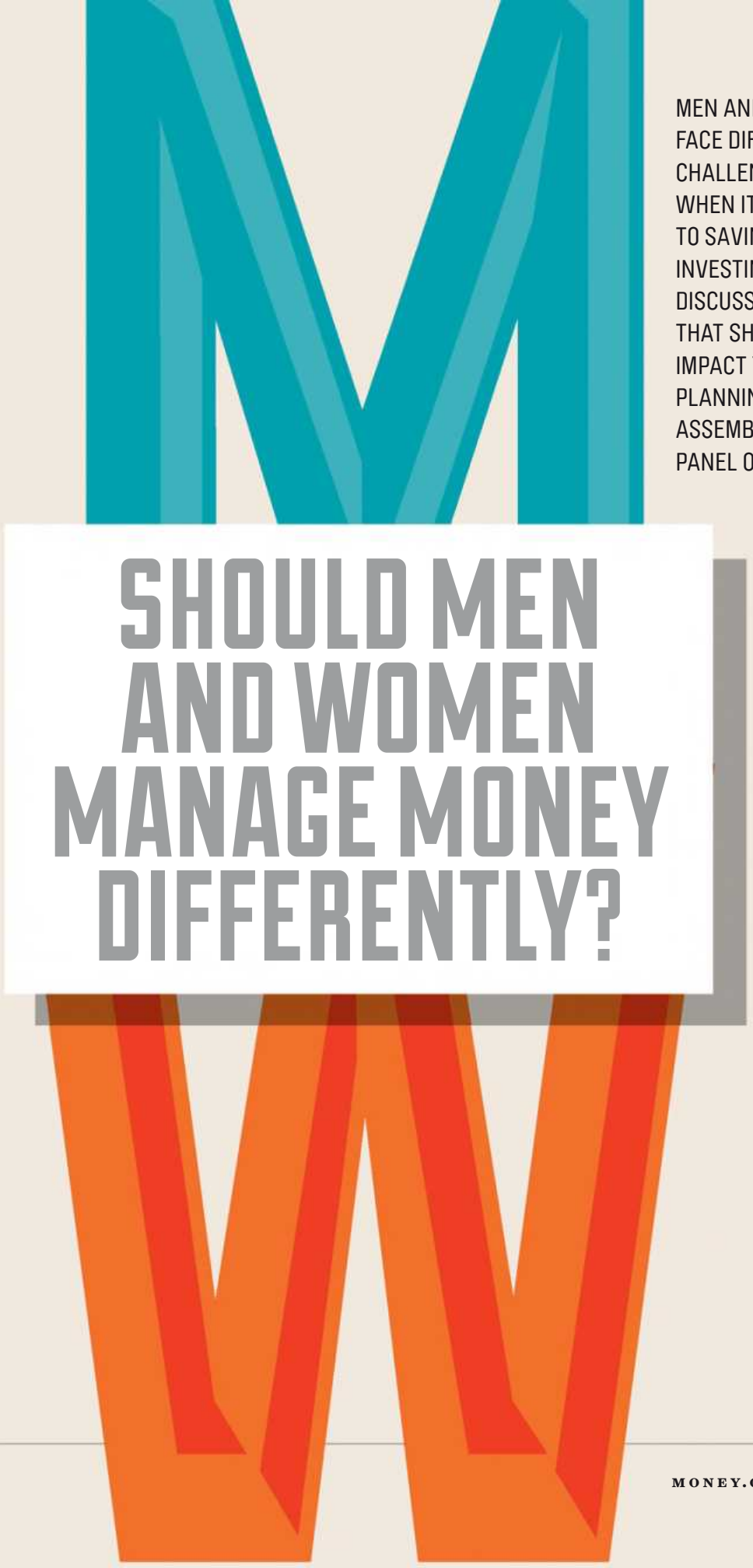
SOURCES: Remodeling Magazine's *2015 Cost. vs. Value Report, International Coffee Organization, Hopper, IDC, SNL Kagan, MoffettNathanson, Deutsche Bank Markets Research*



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MEN AND WOMEN FACE DIFFERENT CHALLENGES WHEN IT COMES TO SAVING AND INVESTING. TO DISCUSS HOW THAT SHOULD IMPACT YOUR PLANNING, *MONEY* ASSEMBLED A PANEL OF EXPERTS.

SHOULD MEN AND WOMEN MANAGE MONEY DIFFERENTLY?

PANELISTS

LAZETTA RAINEY BRAXTON
Certified financial planner (CFP), founder of the planning firm Financial Fountains

KERRY HANNON
Author of 10 career and personal finance books, including *What's Next?* and *Great Jobs for Everyone 50+*

DIANE HARRIS
Editor of MONEY and co-author of *It Takes Money, Honey,* a personal finance book for women

EILEEN O'CONNOR
CFP, managing principal of Hemington Wealth Management, and co-author of the "Women of Wealth" series of studies

MODERATOR

RACHEL F. ELSON
Assistant managing editor of MONEY

saving, investing, budgeting, earning, and protecting assets are financial management tasks that have no gender. Yet men and women face different challenges when it comes to their money. Men typically earn more—a recent PayScale study found a 25.6% overall pay gap—while women tend to live longer (three years, on average) and are also more apt to take time off from their careers. Studies show that women feel less knowledgeable and less confident about their investing decisions.

All these differences have broad financial implications when it comes to your long-term planning.

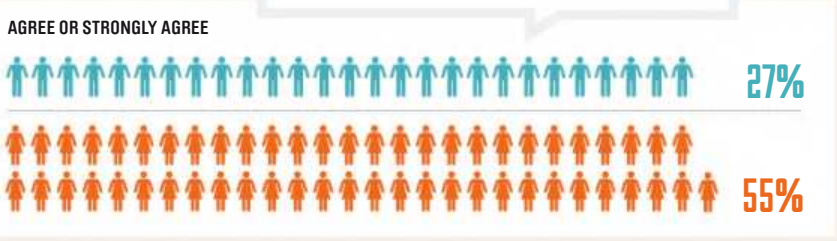
So do men and women need different approaches? MONEY assembled a panel of experts at the Financial Planners Association (FPA) conference in Boston this fall to tackle this question. The conversation addressed attitudes and aptitudes, savings rates, long-term-care coverage, personal goals, investing strategy, Social Security claiming, and more.

HOW MEN AND WOMEN FEEL ABOUT MONEY MANAGEMENT

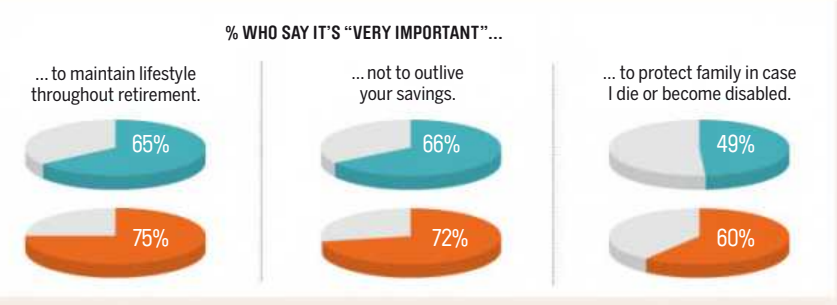


Men and women express much different levels of confidence when it comes to investing.

"I know less than the average investor about financial markets and investing in general."



Both share top financial goals, but women place more weight on them ...



NOTE: Financial togetherness survey of baby boomers only. SOURCES: Merrill Lynch, Women and Investing: A Behavioral Finance Perspective, Fall 2014; Prudential, Financial Experience & Behaviors Among Women, 2012 and 2014; MONEY research, 2015

Before we get into the nitty-gritty, let's do a lightning round on the big question: Should men and women manage money differently?

Diane Harris: The saving and investing basics are the same for everyone, but there are tremendous gender differences in knowledge, temperament, and attitude toward money. And some of the very specific and unique challenges that women face may necessitate a different approach.

Kerry Hannon: Not necessarily, but men and women can certainly learn from each other.

Eileen O'Connor: I would say no. Men and women should let their goals, not their gender, drive the investment choices.

Lazetta Rainey Braxton: Yes—because the differences give balance to a married couple's portfolio.

Well, no consensus there. So let's dig into the specifics. What are the differences between what men and women say they want when it comes to advice?

LRB: Most of the women that I work with are just very busy. They're professionals, but they're not professional investors. And they really want to understand what they have, starting with retirement plans, and to think about what their options are. So what they want is education.

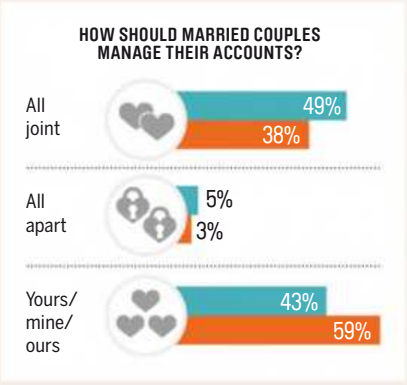
Many people—men and women—didn't get this education formally, and some of us didn't get it within our households. But women tend to say, "I just want to understand what we're doing so that I can feel confident about the decisions that I'm making about my investments."

Men, on the other hand, have a noticeably different risk appetite. They

PHOTOGRAPHS BY CARL TREMBLAY

This discussion has been edited and added to in follow-up interviews.

Men and women diverge when it comes to financial togetherness.



Men are more likely to say they are DIY investors.





Lazetta Rainey Braxton addresses FPA attendees. Also pictured: Rachel F. Elson, standing, and Diane Harris.

"WOMEN TEND TO SAY, 'I WANT TO MEET MY GOALS AND BE COMFORTABLE.' MEN SAY, 'I WANT TO MAXIMIZE EVERY DOLLAR.'" —Lazetta Rainey Braxton

want to know how much money they can make, based on their investments. Women tend to say, "I want to meet my goals and be comfortable." Men say, "I want to maximize every dollar." It's almost a competitive thing.

DH: Women also tend to like a more collaborative approach than men do, and prefer joint decision making, according to a study MONEY did last year on married couples' finances. When it comes to managing money with their spouses, men tend to say, "I do"; women say, "We do."

We also found, in a separate survey, that women are more likely than men to want a little money of their own. They want some spending money in a judgment-free zone. Men are more likely to want all assets merged.

EO: Women generally are dissatisfied with the advice they're getting from professional advisers. In our original "Women of Wealth" study, we found they were looking for guidance about a wide range of issues, from charitable giving to career development to higher education.

Men and women also tend to save differently, right?

KH: A few studies show that men contribute less than women do to their retirement accounts. Fidelity, for instance, found that women were contributing more to workplace retirement accounts than men were, no matter their salary. And a Vanguard study found that across the board, 73% of women fund employee retirement accounts, compared with 66% of men.

But anecdotally I see something a bit more nuanced. When I talk to people, I find that men in their twenties and thirties tend to save and not spend, while women in that age group spend and don't save. That flips in their forties and fifties—men start spending, and women start saving more. But at that point women have missed that compounding boat. That concerns me.

Also, I think men may be investing more outside their retirement accounts; they may be more apt to play the stock market.

We hear about this investing "confidence gap" between men and women. Are there planning implications for couples?

DH: Here's the problem with the "confidence gap." When you ask women a broad question about confidence, they express that they don't feel confident. But when you get to specifics—when you talk about the specific, different aspects of money

management—the picture changes.

In a MONEY survey last year, for instance, only 28% of women said their husbands are actually better than they are at retirement planning. Another 41% said they were equally good at it, and 31% said they were better than their husbands.

At the same time, women really like to feel that we understand what we're doing. I'm going to make a gross generalization here, but unlike men—who might occasionally take a stock tip on the golf course—women are not going to pick up a stock tip from somebody who's, say, coloring our roots. We want to know what we're doing and understand it. It can feel overwhelming.

The trick is to make financial tasks manageable. Focus on three key goals or three steps to take, not 37.

KH: There's another aspect to consider. Men's investments can actually suffer from overconfidence. Male investors tend to swing for the fences; they think they can beat the market. That bravado, which tends to result in more trading in and out of the market, doesn't really serve them well.

DH: Exactly. In survey after survey, women express that they are a lot more conservative than men when it comes to managing money. And it's seen as a negative.

But a seminal study from University of California professors Terry Odean and Brad Barber, called "Boys Will Be Boys," looked at account data for 35,000 different households and found that men's trading decisions reduced their returns by almost one percentage point more per year than women's did. The difference did not come because men were worse at picking investments. It came because women traded less often, making fewer bad bets and incurring fewer fees.



"OUR MALE CLIENTS HAVE A HARDER TIME GIVING UP TRADING. WOMEN TEND TO SAY, 'JUST TAKE IT OFF MY PLATE.'" —Eileen O'Connor

Men and women have different strengths. The best thing couples managing their money together can do is to play to those different strengths. So men may want a higher equity allocation and may want more aggressive investments—say, more in small-caps. But the fact that women are more conservative may give them a blue-chip, steady-growth orientation. And a mix of those two approaches creates a better, balanced portfolio.

When do the different attitudes become a problem for clients?

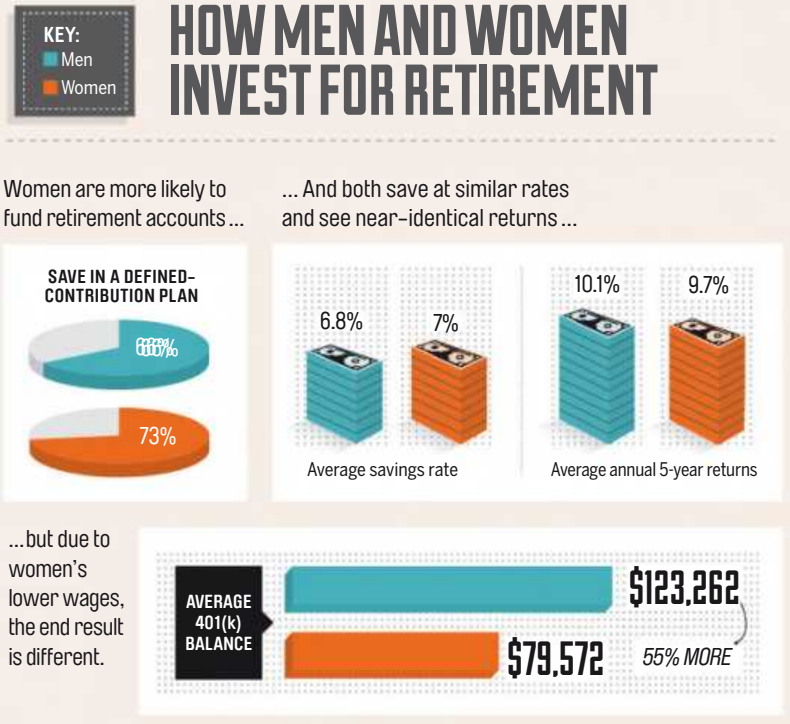
LRB: For investments, you can't be extremely conservative and generate enough growth to cover expenses in retirement years. So if women are more conservative, I make sure they are comfortable with the investment strategy. I try to hear why they're making certain investment decisions, and then we match up their goals with what the portfolio looks like. I say, "It's a tradeoff—if you want to do this, maybe we need to be a little bit more aggressive in your portfolio."

With male clients, by contrast, I often have to share what investments may be off limits. For my clients who have a few hundred thousand dollars to invest, I have to tell them, "If you want a higher-risk asset, like certain private equity or other alternative investments, you have to wait until you're at a different wealth level."

EO: I find that, in general, our male clients love trading for themselves; they have a harder time giving it up. Women tend to say, "Just take it off my plate."

That's a generalization: I have stay-at-home-mom clients who are very sophisticated and want to get





SOURCE: *Vanguard, Women Versus Men in DC Plans, October 2015*

under the hood in terms of investments, and I have very high-powered executive women clients who really don't care about the details.

If our male clients want to make their own bets, though, we'll tell them to keep a separate account where they can make trades, try something out—just 1% or 2% of their total portfolio. But we won't take trading orders from them. We're the experts; that's what they're paying us for.

How do some of the differences we've talked about affect various types of clients? Do entrepreneurs, for instance, have distinct needs?

KH: When it comes to being a successful business operator, male or female, it's all about financial fitness. How do you do a budget? Where can you cut back? How can you get financially fit? Because debt is an incredible dream killer.

But I think small-business help is more important for women than for men, especially boomers, because running a business is going to be a bigger piece of their economic picture. For women who have stepped out of the workplace to raise a family for a few years, getting back into the workplace is really tricky—particularly when you're over 50. So a lot of these women start their own businesses.

The tendency, particularly for women, is to dip into retirement accounts to get that business off the ground. In fact, women are more likely to borrow from their retirement accounts than men are.

But there are plenty of other ways to find the capital to start a business. I often suggest tapping friends and family, borrowing from your own network. Kickstarter or other crowdfunding sites can be helpful, particularly for smaller amounts. There may also be economic development loans in your community. And although I'm not always a fan, home-equity loans can be an option, depending on your family's financial security.

What are some specific ways you'd suggest that couples address women's longer life expectancy?

EO: It's critically important for us to treat each client as an individual, not as a male or female in a couple. For everyone, we plan as if the client will live to 100, for both men and women—105 in some cases, if there's good longevity in the family.

KH: One way to address women's longer life expectancy is to adjust a couple's Social Security strategy. It's imperative that both men and women understand this. If a woman made less than her husband or didn't work, you need strategies that allow the wife to take from her husband's benefit. For example, delaying the benefit for the higher earner is often the best move.

Most women over 65 will be single at some point in their life, and for quite a while. So married couples have to do Social Security planning both as a couple and as individuals. Make sure you talk to a planner who has that expertise, because you need to consider as a couple how your strategy will affect the surviving spouse.

LRB: With my clients, long-term-care coverage is extremely significant. If a husband becomes ill first and requires care, those costs could deplete a couple's assets before the wife has a chance to use them.

DH: This advice holds true for women and men, but it is particularly important for women who have not been deeply involved in their family's financial planning: Know where all the documents are. Because it is more likely that women will find themselves on their own one day—and you don't want to be in a state of grief and still have to figure out where everything is, how much you've got, and who you're working with.

MORE ONLINE
See video excerpts from the FPA panel at money.com/video.



Dick Pell wants to be sure he can finance dementia care for his wife, Helen.



COPING *with* AGING'S COSTLIEST CHALLENGE

WHEN SOMEONE YOU LOVE HAS DEMENTIA, THE EXPERIENCE CAN BE HEARTBREAKING—AND THE EXPENSES ENORMOUS. HERE'S HOW TO MANAGE YOUR FAMILY'S FINANCES WHILE PROVIDING THE BEST CARE.

By **DONNA ROSATO**

Photographs by
CHRISTOPHER CHURCHILL



Dee Jimenez-Grohowski (right) cares daily for her mother, Theresa, and her father, Aurelio (inset).

THROUGHOUT THEIR 39-YEAR MARRIAGE, DICK AND Helen Pell have shared a love of the theater. And it was in a theater that Dick first noticed something wrong.

Rehearsing a skit in an amateur production four years ago, Helen had trouble remembering her lines. Soon she was asking Dick the same questions repeatedly. He took her to a doctor, who diagnosed Helen with dementia.

Today Dick, 82, and Helen, 79, still go to the theater. But Helen doesn't act. In their one-story home she gets lost looking for the bathroom. She doesn't know how to use a toaster, or even a light switch. "I get very sad when I realize I am losing my gal," says Dick. "And it gets more apparent every day."

Also apparent are the mounting expenses they face. Right now Dick is spending $255 a week for 15 hours of help from a home care aide. A nursing home stay, which Helen is likely to need someday, will cost about $6,000 a month. Says Dick: "You don't have to be a genius to see that we'll run out of money, depending on how long Helen will need care."

If you are one of the estimated 15 million Americans caring for someone with dementia, you know that it's a uniquely devastating disease. Dementia—the most common form is Alzheimer's—robs you of the person you love. It attacks memory, personality, language, and physical abilities. It can last for years, even decades. And it has no cure.

The financial toll can be nearly as large as the personal loss. Over the last five years of life, the average out-of-pocket cost of care for dementia patients totaled $61,500—81% more than for people without dementia—according to a new study in the *Annals of Internal Medicine.* Nearly half of the dementia patients ended up on Medicaid, the government health care program for impoverished Americans, compared to about 20% of patients suffering from heart disease or cancer.

Driving the cost aren't drugs or treatments, but the years of care necessary to get a person safely through life's everyday activities. Medicare, the primary health insurance for people 65 and older, doesn't cover that long-term nonmedical care. "The burden is on families to figure out how to pay for it," says Amy Kelley, lead author of the dementia study.

In the pages that follow, you'll find detailed guidance on how to address the financial challenges of caring for a parent or spouse with dementia—the most important steps you can take in each of the three major phases of the disease. You'll also meet three families coping with the economics of dementia care and getting advice from financial professionals.

Losing a loved one to dementia is always painful. But learning how to handle the financial obstacles you'll face can take some of the inevitable stress away.



Theresa Jimenez, 89 MIAMI
Dalila "Dee" Jimenez-Grohowski, 62
DAVIE, FLORIDA

THEIR STORY

After Theresa, a mother of five, was diagnosed with dementia two years ago, her daughter Dee's life and finances were upended. Theresa became aggressive and anxious, says Dee, and now needs help with everything from eating to using the toilet. During the day a home health aide looks after Theresa and her husband, Aurelio, 97, a former airline executive. But seven afternoons a week, Dee—a widow who quit her job as a tax accountant to care for her parents—drives 40 miles to their Miami condo to make dinner, get them to bed, and stay overnight.

Her parents can't afford to pay for the aide and Theresa's medications, so Dee splits the annual $30,000 cost with her four siblings. But since Dee's only income now comes from her late husband's pension and the $25,000 a year she collects in Social Security, she's having trouble paying her share and other bills, like her property taxes. She has run up $20,000 on credit cards and is tapping her $150,000 retirement kitty. Says Dee: "My financial situation is dire."



ADVICE FOR DEE

- **Tap home equity.** Instead of draining her own finances, Dee should help her parents set up a reverse mortgage on their condo, says Miami certified financial planner Glenn Downing. The $200,000 home, now mortgage-free, could get them a $140,000 line of credit, by one industry estimate.
- **Increase care.** Use that money, says Downing, to up the number of hours that the home health aide works. That will mean Dee has more time off from caregiving.
- **Go back to work.** With more time available, Dee can work part-time as a tax consultant—a job she thinks will net $15,000 a year. With that money she can pay down her credit card balance and start saving again. "Dee won't be good to anyone," says Downing, "if she doesn't take care of herself."

STAGE 1

Facing a Difficult Truth

Dementia comes on gradually, so you can easily miss the first signs of it in someone you love, especially if you live with that person or see him or her on a regular basis.

That's partly because the early symptoms of dementia are often confused with the "senior moments" that naturally come with aging. It's also because the condition can be so frightening. "All too often, I've seen denial by the spouse, the family, or the person themselves," says Charles J. Fuschillo Jr., CEO of the Alzheimer's Foundation of America.

In this early stage of dementia, which lasts an average of two years, your out-of-pocket costs won't be burdensome. But you'll need to plan for more expensive care later on, and move quickly, since your husband, wife, or parent has a limited window to participate in financial decisions and sign any necessary legal documents before cognitive abilities fade. "When people don't recognize dementia earlier," says Fuschillo, "it costs you more in the end."

KNOW WHAT IS NOT NORMAL AGING

Be on the lookout for subtle but distinct differences from typical signs of aging, says Ruth Drew, director of family and information services for the Alzheimer's Association. Forgetting names or appointments isn't a big deal. More alarming is asking the same questions over and over or forgetting how to do familiar tasks like preparing a favorite recipe. You might also notice your parent or spouse misplacing things that turn up later in unusual places, like a phone in the re-

frigerator. (Visit alz.org for more tip-offs.) If the person you're concerned about doesn't live close by, enlist friends and neighbors to alert you to any troubling incidents, advises Kevin Jameson, president of the Dementia Society.

ADD A DOCTOR TO THE MIX ... GENTLY

Bringing up the subject of dementia is an emotionally loaded conversation, and you don't want to put your loved one on the defensive. Pick a time when the person is relaxed. Start with a general question like, "How's your health? What has the doctor been saying?" Then raise your specific concerns. Andy Cohen, CEO of the caregiving information website Caring.com, suggests filtering your conversation through your own thoughts and feelings, along the lines of "I've noticed some behavior changes in you, I'm concerned, and it would make me feel better if you checked in with your doctor." A precipitating event—say, getting lost or bouncing checks—will make it hard to dismiss the problem, says Jameson, but if your loved one gets defensive, enlist a neutral third party, like a trusted friend, to bring up the issue. Offer to make the doctor's appointment and go along.

APPOINT KEY DECISION-MAKERS

Once you have a formal diagnosis in hand, ask for a family meeting to figure out who will be the point person, or persons, for managing your loved one's condition. As the dementia progresses, dozens of decisions will need to be made about care, housing, and finances—decisions that Dad, say, will be increasingly unable to make alone. Talk it through: Who lives the closest? Who has the most flexible schedule? Who is most comfortable with handling financial matters? Whoever ends up managing Dad's finances doesn't have to be the same person taking the lead on health care, but if it isn't, the two of them should be people who get along well enough to work together.

At the same time, sort out what will be needed in terms of relatives' money and time, and reach an agreement about who can contribute what. Even a long-distance relative can be of assistance by sending money or taking on tasks like paying bills online or handling taxes. "In the beginning the biggest cost is time and stress," says Jameson. "But those incremental costs can start to snowball quickly, so you need to always be thinking about the next steps."

GATHER THE PAPERWORK

Along with a will, you'll need to have at least two key documents, says Shirley B. Whitenack, a lawyer and the president of the National Academy of Elder Law Attorneys (NAELA): a durable power of attorney, authorizing a person to make financial decisions for your family member, and a health care proxy, appointing someone to make medical decisions.

This, too, can be a tough subject to broach with a parent. Long-held roles are reversing: Now you're the one caring for Mom. Losing control can be scary and embarrassing for her, so make the conversation about you. You might say that you're getting your medical and financial paperwork together, so maybe she should too. Or you can say that you're worried and you'd feel a lot better if this paperwork were in place. You can draft these documents with the help of a local certified elder-care attorney who understands the relevant state laws and regulations. Start your search for a lawyer at the websites for NAELA (naela.org) and the National Elder Law Foundation (nelf.org).

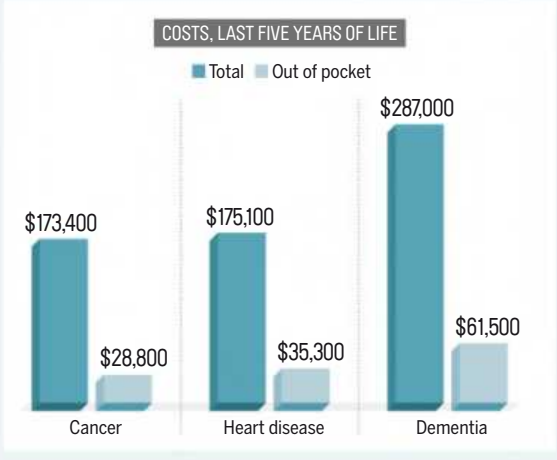
21½ YEARS
AVERAGE DELAY FROM FIRST SIGNS OF DEMENTIA UNTIL DIAGNOSIS

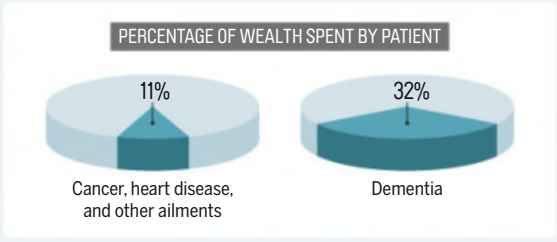
TAKE A FINANCIAL INVENTORY

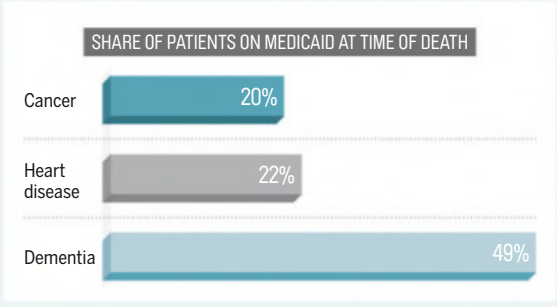
It's important to get a handle on all the assets your family member has available for funding care, starting with money in the bank, investments, pensions, and Social Security. You also want to know if he or she has a long-term-care insurance policy in force. (Only 7% of the population does, and after a diagnosis of dementia it's too late to apply for one.) You'll also want to know the equity in the home, in case you might want to tap it via a reverse mortgage or sale. Such an inventory

The Expense of Dementia

The end-of-life cost of caring for a person with dementia far outweighs the expense of treating people with cancer and heart disease.







NOTES: *Cost figures are averages. Figures for spending as a percentage of wealth are medians.* SOURCE: *Annals of Internal Medicine, November 2015. Sources for additional statistics throughout article: University of Portland, Caring.com, GenWorth*

may not be easy; when Theresa Von Vreckin (see profile on page 87) took over her father's finances, his investments turned out to be in more than a dozen different accounts. And your parent may not want to share this information with you for privacy reasons. If so, offer to make an appointment with a financial planner who can help sort things out. But that planner should get Dad's okay that the adviser can get in touch with you if he is worried about Dad's cognitive abilities—an increasingly common practice among financial planners.

If it's your husband or wife who has been diagnosed with dementia, you might want to do what Dick Pell has done for Helen: set up a special-needs trust so that if you die first, your assets will be earmarked for your spouse's care. Again, consult an elder-care attorney.

GET READY FOR MEDICAID

There's a substantial likelihood that your loved one may need to go on Medicaid for care: In the *Annals of Internal Medicine* study, for example, the share of dementia patients on Medicaid went from 21% to 49% during their last five years of life. You can start planning for that possibility now.

Medicaid, however, has strict rules limiting the assets a patient—and a patient's spouse—can own while qualifying for the program (see page 89 for more). One wealth-preserving tactic to keep in mind for now is for the patient to pay off any home mortgage. Because your primary residence is exempt for the purposes of determining Medicaid, that move will increase the amount of home equity you can tap later, if you end up needing those funds.

Another wealth-preservation tactic is to transfer assets of the person with dementia (again, plus the spouse's assets, if married) to someone else. There's a catch, though: Medicaid has what is known as a five-year look-back rule. If the dementia patient transfers the assets and then applies for Medicaid within five years, the patient will be expected to pay for caregiving equal in value to those assets. So if your mother impulsively gives all of her money to her grandchildren to spend down assets—but then needs that money for care within five years—you and other family members are going to have to figure out how to replace that money so she can qualify for Medicaid.

STAGE 2

Managing Rising Costs

At this stage of dementia, which lasts about 1½ years on average, your loved one has trouble looking after himself. You mother, for example, might forget to eat, wander off, or be at risk of physical harm from lapses such as leaving the stove on. Her personality might change too: She'll grow increasingly frustrated or angry with you and need help to reduce her anxiety. Her need for care will rise, but her symptoms may not yet be severe enough for long-term-care insurance or other help, so funding at this stage is often entirely out of pocket.

ARRANGE FOR HELP AT HOME

In the early parts of this stage, Mom or Dad can continue to live at home, but you'll need to bring in help—nonmedical home care aides who can cook, run errands, keep your family member company, and provide personal care by helping with dressing or bathing. This will cost you the same as a home health aide—about $20 an hour. For help finding local resources, you can consult the Alzheimer's Association (alz.org), which has 80 chapters across the U.S., and the Alzheimer's Foundation of America (alzfdn.org), which has licensed social workers available for free by phone and Skype.

It's a good idea to join a local support group—not just for the company but also for the information you can get about local resources, experts, and facilities. The Alzheimer's Association has message boards, chat rooms, and meetings at local chapters across the U.S.

GET A GREATER LEVEL OF CARE

For someone who needs more than a few hours' worth of help daily, one option is adult day-care services, where he can get meals and participate in exercise classes and other activities. Costing an average of $70 a day, adult day care is best for people who are still able to engage socially and move around easily. To find a day-care service and other resources

> "Explore your options ... before you reach a crisis point."
>
> MARYBETH MUSUMECI

in your community, go to the U.S. Administration on Aging's eldercare.gov website.

You should also have a backup plan for emergencies or if you need to be away. Some assisted-living and nursing homes will take people for overnight stays or even for a few weeks.

Whatever local service you use, interview caregivers to find out if they have specific dementia-care training, which includes creating regular routines and working with individuals to understand what calms a person or reduces anxiety. "It's a personalized approach and different for everyone," says Gina Kaurich, head of client care for FirstLight HomeCare, a national provider of nonmedical home care services. "Maybe it's taking them for a daily walk or talking about their years in the service or gardening."



Theodore Fisher lives in a nursing home near his daughter, Theresa Von Vreckin, and her family (inset).

KNOW YOUR INSURANCE COVERAGE

If your loved one has long-term care insurance, you can start tapping it as his need for care increases and the cost of that care grows. Check your policy for what's covered—usually, multiple types of care, including home care, day care, assisted living, and nursing home stays.

You'll also need to know the policy's benefit caps—a daily dollar amount and a maximum number of years or lifetime payout. LTC policies also specify a certain level of physical or cognitive impairment that interferes with daily activities, such as eating and dressing unassisted, before they can be tapped. So be aware of the conditions under which a policy will start to pay.

TAP VA BENEFITS

Are Mom or Dad veterans 65 or older? They may qualify for long-term-care benefits up to $2,800 a month—covering home care, assisted living, or a nursing home—through the Veterans Affairs Aid and Attendance program. A vet must have served at least 90 days in the military and at least one day during a war. The paperwork is daunting, and as with Medicaid, there are strict caps on assets and income for qualifying. You'll have to document all of your long-term-care expenses to make sure you max out this benefit.

GET CONSERVATIVE WITH INVESTMENTS

As you start paying for care by drawing money from your loved one's investment portfolio, you need to reallocate it, says Stig Nybo, president of U.S. retirement strategy at Transamerica Retirement Solutions. If the money was earmarked for retirement and invested to grow over 20 or 30 years, it's likely to be heavily weighted toward stocks. "Now that you're planning for larger near-term expenses, you'll have to get a lot more conservative with the investments," he says. Nybo suggests putting money into different buckets to balance immediate needs with long-term growth. Put two years' worth of projected expenses—including for costlier care options, such as a nursing home stay—in cash or

Theodore Fisher, 77
Theresa Von Vreckin, 50, BUFFALO

THEIR STORY

Three years ago Theresa noticed her newly widowed father, Theodore, behaving oddly. He hallucinated, for example, that there were people living in his house and got lost driving to his home in Buffalo, though he'd lived there 50 years.

Soon afterward Theodore was diagnosed with Lewy Body dementia, the most common form of dementia after Alzheimer's. "My dad was a chemical engineer, a very intelligent man," says Theresa. "Now there are times when I am not sure he knows who I am."



Theodore is in a nursing home that costs $13,000 a month—covered by his long-term-care insurance policy and pension income. Theresa is in charge of managing her father's $1.5 million investment portfolio and wants to fulfill his wish to leave money to his family. But she feels overwhelmed by the task, since his assets are spread out over more than a dozen accounts.

ADVICE FOR THERESA

▶ **Consolidate accounts.** To make managing Theodore's portfolio easier, Theresa should combine the $640,000 he has in four IRAs into one account, says San Antonio certified financial planner Ben Gurwitz. She should consolidate his taxable accounts as well.

▶ **Sticks with stocks.** The portfolio is heavily invested in stocks, but Gurwitz doesn't recommend selling to reduce the risk—even though benefits from the long-term-care policy will expire in three years. Between Theodore's pension and Social Security, his income is nearly $7,000 a month. "I'm not concerned about him running out of money," Gurwitz says. Selling long-held stocks in the taxable accounts would trigger a big tax bill now, but after Theodore's death, that capital-gains liability will be erased for heirs.

a money-market fund. Invest the next five years' worth of expenses conservatively, mostly in bonds, and invest the balance in stocks.

TAP HOME EQUITY

For many people, their biggest asset—and the most valuable resource for funding dementia care—is their home. If other sources of money for your spouse or parent are scant, you can use his or her home equity to set up a reverse mortgage line of credit, allowing you to borrow roughly 50% of the value of the home. A family member with dementia, along with a spouse, can stay in the house as long as their names are on the deed. If, when the house is sold, its sales price is less than what was borrowed, you won't be on the hook for the difference. To see what you're eligible for, use a calculator such as the one offered by the National Reverse Mortgage Lenders Association (reversemortgage.org).

For more cash, you can sell the family home. If you go that way, consult a real estate agent for an estimate of the market value and an assessment of any repairs that might be needed before listing.

36% FAMILY CAREGIVERS WHOSE CAREER HAS BEEN HURT BY DEMENTIA CAREGIVING

JUGGLE CAREGIVING WITH YOUR JOB

If you're managing the care of a relative with dementia, chances are you're feeling it at work. Between daily responsibilities and emergencies, one in five family caregivers of dementia patients have quit their jobs, and 36% say their career has been hurt by their caregiving duties, according to Caring.com.

A starting point for protecting your standing at work is to explain the problem you're dealing with. "Be open with your employer about what's going on in your life," says the Dementia Society's Jameson, whose wife passed away last year after battling dementia for more than a decade. "If your wife or mother had cancer, you'd tell your boss. It should be the same with dementia."

Ask your boss if you can temporarily cut back hours or make arrangements, such as working at home more, that make it easier to provide care. You may be able to take advantage of the federal Family and Medical Leave Act, which allows employees at a company with 50 or more workers to take up to 12 unpaid weeks off a year for caregiving. Most workers are guaranteed to keep their jobs.

START RESEARCHING NURSING HOMES

Even though the person you're caring for may not be ready for assisted living or a nursing home yet, this is the time to see what's available in your area. "Explore your options as early as possible, before you reach a crisis point," says MaryBeth Musumeci, an associate director at the Kaiser Family Foundation. Assisted living is expensive and usually not covered by Medicaid, so this may not be an option if you don't have funds to pay privately. Most nursing homes take Medicaid, but there are often waiting lists.

STAGE 3

Getting 24-Hour Care

In the later stages of dementia, which typically last four to five years, the need for care intensifies. Your spouse eventually will require around-the-clock assistance with most activities of daily living. Your toughest decision: whether to try to continue caregiving at home or move your loved one to an assisted-living facility or a nursing home. You may feel guilty at the prospect of putting someone you love in "a home"—that's common and understandable—but a setting where professionals are providing the intense level of care needed at this point is often the best path, especially if they're trained in the needs of dementia patients. That said, it's also the most expensive care option by far.

ACT BEFORE THE MONEY RUNS OUT

Unless your loved one has enough assets to fund home care for years without a problem—or you do, without jeopardizing your own long-term financial security—you'll want to make the move to a nursing home sooner rather than later, because Medicaid won't cover 24-hour at-home care. And it's easier to get into a facility if you start out as a private pay patient, says Whitenack, because Medicaid usually pays only a fraction of what a family would pay. "Once you're in, they can't kick you out if you run out of money, but there's no law that a nursing home must take you in the first place," she says.

AIM FOR A HOME WITH MEMORY CARE

A useful resource for finding a nursing home is the Centers for Medicare and Medicaid's comparison tool (medicare.gov/nursinghomecompare). Use the site's checklist to judge facilities: For example, are residents clean, well-groomed, and appropriately dressed? Does the staff wear name tags? Semi-private rooms cost from $50,000 to $130,000 a year, depending where you live; go to genworth.com to find local prices.

About half of nursing homes have specialized dementia care services. The cost is greater than that of a standard nursing home stay, which GenWorth says averages $6,600 a month for a semi-private room. In return, you get lower staff-to-patient ratios than traditional nursing home units, and greater attention paid to regular routines and other measures designed to keep residents calm and reassured. "People with dementia do much better when they have care that's tailored to them," says Ruth Drew of the Alzheimer's Association.



Dick Pell looks after his wife, Helen, at their Sarasota home.

TAP ASSETS STRATEGICALLY

Your money will probably last longer if you make withdrawals first from IRAs and taxable investment accounts before drawing on cash reserves, says Christopher Olsen, a certified financial planner in Lodi, Calif. That's because the taxes incurred by selling those assets can be offset by tax breaks on medical expenses. Currently, for people who are 65 or older, health care costs above 7.5% of their adjusted gross income are deductible, vs. 10% for younger taxpayers.

$220 AVERAGE DAILY COST OF A NURSING HOME SEMI-PRIVATE ROOM

Whitenack recommends applying for Medicaid on your loved one's behalf once he is down to about $50,000 in assets—enough to pay for care for about the next six months—since it can take a few months for Medicaid to determine whether a dementia sufferer qualifies. You'll need to gather five years'

Additional reporting by Alexandra Mondalek



Helen Pell, 79
Dick Pell, 82
SARASOTA

THEIR STORY

Helen and Dick met on a blind date in 1975 and married the next year. They ran several businesses together, acted in community theater, and traveled the world. "My gal was always witty and up for whatever crazy adventures I came up with," says Dick.

Now, four years after Helen was diagnosed with dementia, she's physically robust, but her mental abilities have declined. Dick wants them to keep living together at home, but given his own health problems—he has a heart condition—he foresees he won't always be able to care for her. That would mean moving Helen to a nursing home.

Helen has a long-term-care policy, and Dick has investments of nearly $1 million—65% in U.S. stocks, the rest in corporate bonds from a single company. But he fears that's not enough. The average cost of a nursing home with memory care is $6,000 a month in their area, and the LTC policy's benefit is capped at $150,000. "The financing of her care is a constant worry," he says.

ADVICE FOR DICK

▶ **Fix the mix.** Dick will soon have to draw on his investments to care for Helen, so he needs a more conservative portfolio, says Jacksonville certified financial planner Carolyn McClanahan. She advises he cut the equity stake to 35% and diversify by adding international stocks. Dick should also be diversifying into bond funds or multiple municipal and corporate bonds. Those moves will help protect money he can use to put Helen in an assisted-living facility or a nursing home with memory care. If that money runs out, he can apply for Medicaid on her behalf.

▶ **Protect himself.** Dick might one day need care for himself, says McClanahan, so he should formalize his own wishes. Dick and Helen's children from previous marriages think the couple should move to assisted living now, but Dick has pushed back. "We live on a beautiful lake. Life is still pretty good right now," he says. "I am not ready to give this up yet."

> **"Life is still pretty good right now. I am not ready to give this up yet."**
>
> DICK PELL

worth of financial documents, file the application in person, and give Medicaid time to review the paperwork.

PLAN FOR YOUR OWN FUTURE

Are you the spouse of a dementia patient going on Medicaid? You have to think ahead. If your spouse is to qualify for Medicaid, you're allowed no more than $119,200 in assets, including any IRAs and 401(k)s but excluding a primary residence or car. You, the spouse, have no limits on your income, so one option is to liquidate investments and buy what is known as a Medicaid-compliant annuity. It's similar to an immediate annuity: You put a lump sum in and get a stream of income. The downsides: It can't be cancelled, you'll get lower payments than you'd get from a traditional annuity, and if you die, your heirs get nothing. Work with an elder-law attorney to buy one, because rules vary by state.

Caring for someone with dementia is emotionally exhausting and financially draining, but it comes with one particular satisfaction: knowing that you've done whatever you can to make the last years easier for someone you love. "The likelihood is that Helen will outlive me," says Dick Pell. "I want to make sure I am doing everything I can to protect her."

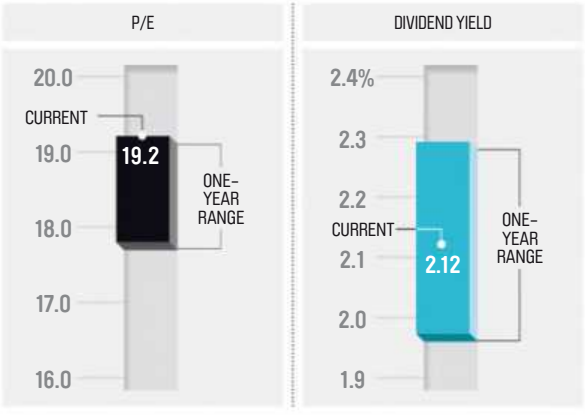
MORE ONLINE

Watch video and see more photos of the families in this story, and get additional resources at ***Money.com/dementia.***

Expect a Modest 'Santa' Rally

HISTORICALLY, stocks gain 3% in the last two months of the year, called the Santa rally. But lower your expectations this year. Why? The S&P 500 surged 11% in the month ended Oct. 28. When stocks have risen that much in October, they've returned just 1.9% in November and December.

S&P 500 RATIOS



BENCHMARKS

INDEX	TOTAL RETURN ONE MONTH	ONE YEAR	THREE YEARS[1]
S&P 500	**11.2%**	7.5%	16.4%
Nasdaq[2]	**12.1**	11.6	19.5
Russell 2000	**8.2**	3.9	14.7
Morgan Stanley EAFE	**8.5**	1.5	8.1
Dow Jones industrial average	**11.2**	7.1	13.4
Barclays U.S. aggregate bond index	**0.4**	2.0	1.8
SECTOR			
Basic materials	**16.0**	–3.6	9.9
Information technology	**13.9**	14.5	19.0
Energy	**13.0**	–18.6	–0.3
Industrials	**11.9**	2.7	16.9
Health care	**11.3**	10.3	23.1
Consumer discretionary	**11.1**	21.9	22.6
Financials	**10.0**	6.7	17.9
Consumer staples	**8.1**	11.8	15.6
Telecom services	**7.8**	–1.7	4.9
Utilities	**3.0**	1.4	10.3

NOTES AND SOURCES: Stock index data as of Oct. 28 from Lipper, New York; 877-955-4773. Sector returns from Bloomberg. Bond index data from Barclays. Monthly S&P 500 ratios are from Standard & Poor's as of Oct. 30. P/E ratios are based on previous four quarters of operating earnings. Biggest funds ranked by total net assets. [1]Annualized. [2]Price change only.

BIGGEST MUTUAL FUNDS BY CATEGORY

CATEGORY	TOTAL RETURN ONE YEAR	THREE YEARS[1]	EXPENSES (AS % OF ASSETS)
LARGE-CAP STOCKS			
Fidelity Contrafund (FCNTX)	11.3%	17.5%	0.64
American Funds Growth Fund of America (AGTHX)	8.7	17.2	0.66
Dodge & Cox Stock (DODGX)	3.6	16.8	0.52
American Funds Investment Co. of America (AIVSX)	3.1	15.5	0.59
American Funds Wash. Mutual Investors (AWSHX)	5.4	14.8	0.58
MIDCAP			
Fidelity Low-Priced Stock (FLPSX)	5.3	15.6	0.79
Vanguard Mid-Cap Index (VIMAX)	6.1	17.6	0.09
Fidelity Spartan Extended Market Index (FSEVX)	3.8	15.9	0.07
Vanguard Extended Market Index (VEXAX)	3.7	16.1	0.10
Columbia Acorn (ACRNX)	2.9	12.1	0.79
SMALL-CAP			
Vanguard Small-Cap Index (VSMAX)	3.7	15.8	0.09
Vanguard Explorer (VEXRX)	1.9	15.9	0.36
T. Rowe Price Small-Cap Value (PRSVX)	2.5	11.6	0.96
Vanguard Small-Cap Value Index Fund (VSIAX)	4.1	16.4	0.09
Vanguard Small-Cap Growth Index (VSGAX)	3.1	14.6	0.09
BALANCED			
Vanguard Wellington (VWENX)	4.9	10.8	0.18
American Funds American Balanced (ABALX)	6.0	11.7	0.59
Fidelity Balanced (FBALX)	4.3	11.1	0.56
Fidelity Puritan Fund (FPURX)	5.3	11.5	0.56
Vanguard STAR Fund (VGSTX)	3.8	9.7	0.34
INTERNATIONAL			
Vanguard Total International Stock Index (VGTSX)	–2.5	5.4	0.22
Harbor International (HAINX)	0.2	5.9	0.75
American Funds EuroPacific Growth (AEPGX)	2.7	8.5	0.83
Vanguard International Growth Fund (VWILX)	0.6	7.8	0.34
T. Rowe Price International Stock Fund (PRITX)	1.0	6.8	0.83
EMERGING MARKETS			
American Funds New World (NEWFX)	–6.5	2.5	1.03
T. Rowe Price Emerging Markets Stock (PRMSX)	–9.5	–1.2	1.24
Vanguard Emerging Markets Stock Index (VEMAX)	–12.1	–2.1	0.15
Fidelity Emerging Markets (FEMKX)	–7.6	1.8	1.07
Russell Emerging Markets (REMSX)	–13.2	–2.3	1.51
U.S. GOVERNMENT BONDS			
Fidelity Government Income (FGOVX)	1.9	1.4	0.45
American Funds U.S. Government Securities (AMUSX)	2.4	1.3	0.64
MFS Government Securities (MFGSX)	1.5	0.9	0.88
Sit U.S. Government Securities (SNGVX)	1.6	0.5	0.80
J.P. Morgan Government Bond (OGGAX)	2.0	1.1	0.75
INVESTMENT-GRADE			
Vanguard Total Bond Market Index (VBTLX)	1.9	1.7	0.07
Vanguard Total Bond Market II Index (VTBIX)	1.8	1.6	0.10
Dodge & Cox Income (DODIX)	0.6	2.3	0.44
Vanguard Short-Term Investment-Grade (VFSUX)	1.3	1.6	0.10
T. Rowe Price New Income (PRCIX)	1.4	1.6	0.59
HIGH YIELD			
Vanguard High-Yield Corporate (VWEAX)	1.2	4.5	0.13
American Funds American High-Income Trust (AHITX)	–4.4	2.2	0.66
Fidelity Capital & Income (FAGIX)	1.5	6.9	0.72
Fidelity High Income (SPHIX)	–2.3	3.2	0.72
Northern High Yield Fixed Income (NHFIX)	–1.4	4.3	0.81
TAX-EXEMPT			
Vanguard Intermediate-Term Tax-Exempt (VWIUX)	2.4	2.7	0.12
Fidelity Municipal Money Market (FTEXX)	0.0	0.0	0.40
Vanguard Limited-Term Tax-Exempt (VMLUX)	1.1	1.2	0.12
Vanguard Tax-Exempt Money Market (VMSXX)	0.0	0.0	0.16
Vanguard Short-Term Tax-Exempt (VWSUX)	0.5	0.7	0.12

SCORE THE WINNING TOUCHDOWN

WITH A BUSINESS THAT GOES THE DISTANCE



This is your chance to get in on the big game action as a team player with Right at Home, where the average net revenue per franchisee entity is $1.3 million[1].

In his previous career, Bill Love spent many successful years working in manufacturing and merchandising for well-known department stores. After years of traveling back and forth to New York City and spending days at a time away from his family, Bill was ready for a career change. He and his wife, Christy, decided it was the right time to pursue an opportunity that allowed them to make a difference in their community while simultaneously providing the lifestyle they wanted for their family.

Both my wife and I had always wanted to own our own business, and we knew that we wanted to serve the senior population, said Bill Love. When we found Right at Home, we were impressed with their business model, their corporate staff, and the support system they offered to their franchisees; we knew it was the right fit for us."

The couple purchased a second territory after a year of operating their first location. "Owning a Right at Home Franchise has been very rewarding and has allowed us to build a secure future for our family, said Love.

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RIGHT AT HOME BY THE NUMBERS

LOCATIONS
460 IN 8 COUNTRIES

AVERAGE NET REVENUE PER FRANCHISEE ENTITY[1]
$1,350,469.41

AVERAGE GROSS MARGIN[2]
38%

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[1]Net Billings in 2014 for 222 Franchisee Entities who own, collectively, 316 Franchised Businesses open 12 months or more as of December 31, 2014. 77 or 35% of these Franchisee Entities attained or surpassed the represented level of financial performance.

[2]Average gross margin in 2014 of 316 Franchise Businesses open 12 months or more as of December 31, 2014; 168 or 54% of these Franchise Businesses attained or surpassed the represented level of financial performance.

Right at Home, Inc. 6464 Center St., Ste. 150, Omaha, NE 68106. This information is not intended as an offer to sell, or the solicitation of an offer to buy a franchise. It is for information purposes only.

Stocks Enjoy an Epic Rebound

AS CENTRAL BANKERS REASSURE INVESTORS, EQUITY FUNDS IN THE *MONEY* 50 GET A LIFT.

AFTER TEETERING on the brink of a bear market, global equities bounced back in a big way in the four weeks ended Oct. 28. Most of the stock portfolios in our recommended list of mutual and exchange-traded funds saw what amounts to a year's worth of gains in a month. **Vanguard International Growth,** for instance, was up 12.3%.

Chalk up some of that stellar performance to strong earnings, led by tech titans Apple and Google. Central banks around the world also played a big role. The People's Bank of China cut interest rates and reduced the amount of cash banks need to hold in hopes of promoting business activity. At the same time, the European Central Bank hinted that it is open to more stimulus, while the Federal Reserve kept short-term rates untouched. —TAYLOR TEPPER

HOW TO USE OUR RECOMMENDED LIST

Building-block funds: For broad exposure to core asset classes
Custom funds: Specialized investments that can tilt your strategy
One-decision funds: If you want stocks and bonds in one portfolio

FUND (TICKER)	TOTAL RETURN ONE MONTH	TOTAL RETURN ONE YEAR	TOTAL RETURN THREE YEARS[1]	EXPENSES (AS % OF ASSETS)	PHONE NUMBER (800)
BUILDING-BLOCK FUNDS					
▼ Large-Cap					
Schwab S&P 500 Index (SWPPX)	**11.2%**	7.4%	16.3%	0.09	435-4000
Schwab Total Stock Market Index (SWTSX)	**10.5**	6.7	16.2	0.09	435-4000
▼ Midcap/Small-Cap					
iShares Core S&P Mid-Cap (IJH)	**7.5**	5.4	15.9	0.12	474-2737
iShares Core S&P Small Cap (IJR)	**8.4**	6.6	16.9	0.12	474-2737
▼ Foreign					
Fidelity Spartan International (FSIIX)	**9.1**	1.0	8.0	0.20	544-8544
Vanguard Total Intl. Stock (VGTSX)	**9.3**	–2.5	5.4	0.22	662-7447
Vanguard FTSE A/W ex-U.S. Small (VFSVX)	**6.6**	–1.2	6.1	0.37	662-7447
Vanguard Emerging Markets (VEIEX)	**10.7**	–12.3	–2.3	0.33	662-7447
▼ Specialty					
Vanguard REIT Index Investor (VGSIX)	**9.0**	7.6	12.4	0.26	662-7447
▼ Bond					
Vanguard Total Bond Market (VBMFX)	**0.3**	1.8	1.6	0.20	662-7447
Vanguard Short-Term Bond (VBISX)	**0.0%**	1.1%	1.0%	0.20	662-7447
Vanguard Inflation-Protected (VIPSX)	**0.6**	–1.5	–1.9	0.20	662-7447
Vanguard Short-Term Infl.-Prot. (VTIP)	**0.3**	–1.3	–0.6	0.10	662-7447
Vanguard Total Intl. Bond Index (VTIBX)	**0.8**	3.5	N.A.	0.23	662-7447
CUSTOM FUNDS					
▼ Large-Cap					
Dodge & Cox Stock (DODGX)	**11.4**	3.6	16.8	0.52	621-3979
PowerShares FTSE RAFI U.S. 1000 (PRF)	**10.3**	3.7	15.8	0.39	843-2639
Sound Shore (SSHFX)	**11.3**	3.1	17.5	0.92	551-1980
Primecap Odyssey Growth (POGRX)	**11.2**	10.5	20.0	0.63	729-2307
T. Rowe Price Blue Chip Growth (TRBCX)	**12.5**	14.3	20.9	0.72	638-5660
▼ Midcap					
Delafield Fund (DEFIX)	**10.5**	–10.4	6.0	1.21	697-3863
Ariel Appreciation (CAAPX)	**10.8**	2.5	17.4	1.12	292-7435
Weitz Hickory (WEHIX)	**5.2**	–1.1	8.7	1.23	304-9745
T. Rowe Price Div. Mid Cap Gro. (PRDMX)	**8.2**	8.6	17.5	0.89	638-5660
▼ Small-Cap					
Royce Opportunity (RYPNX)	**8.7**	–4.0	12.0	1.15	221-4268
Vanguard Small-Cap Value (VBR)	**8.7**	4.1	16.4	0.09	662-7447
Berwyn (BERWX)	**7.6**	–6.5	9.0	1.17	992-6757
Wasatch Small Cap Growth (WAAEX)	**5.5**	2.4	11.0	1.21	551-1700
▼ Specialty					
PowerShares Intl. Div. Achievers (PID)	**10.8**	–11.0	4.1	0.55	983-0903
SPDR S&P Dividend (SDY)	**10.0**	5.9	15.0	0.35	787-2257[2]
Cohen & Steers Realty Shares (CSRSX)	**9.7**	11.0	13.5	0.97	437-9912
SPDR Dow Jones Intl. Real Estate (RWX)	**7.6**	3.0	6.2	0.59	787-2257[2]
iShares N. American Nat. Resources (IGE)	**12.8**	–22.1	–4.4	0.48	474-2737
▼ Foreign					
Oakmark International (OAKIX)	**12.1**	3.0	11.1	0.95	625-6275
Vanguard International Growth (VWIGX)	**12.3**	0.4	7.6	0.47	662-7447
T. Rowe Price Emerging Markets (PRMSX)	**11.1**	–9.5	–1.2	1.24	638-5660
▼ Bond					
Dodge & Cox Income (DODIX)	**1.2**	0.6	2.3	0.44	621-3979
Fidelity Total Bond (FTBFX)	**0.8**	1.2	2.1	0.45	544-8544
Vanguard Short-Term Inv. Grade (VFSTX)	**0.3**	1.2	1.5	0.2	662-7447
iShares iBoxx $ Inv. Grade Corp. Bond (LQD)	**1.0**	1.2	2.2	0.15	474-2737
Loomis Sayles Bond (LSBRX)	**3.0**	–4.7	2.8	0.91	633-3330
Fidelity High Income (SPHIX)	**2.2**	–2.3	3.2	0.72	544-8544
Vanguard Intm.-Term Tax-Ex. (VWITX)	**0.6**	2.3	2.6	0.2	662-7447
Vanguard Limited-Term Tax-Ex. (VMLTX)	**0.4**	1.1	1.2	0.2	662-7447
Templeton Global Bond (TPINX)[3]	**4.8**	–4.6	1.2	0.88	632-2301
Fidelity New Markets Income (FNMIX)	**3.6**	–1.8	0.9	0.9	544-8544
ONE-DECISION FUNDS					
▼ Balanced					
Fidelity Balanced (FBALX)	**7.1**	4.3	11.1	0.56	544-8544
Fidelity Global Balanced (FGBLX)	**4.7**	–0.6	5.5	0.99	544-8544
Vanguard Wellington (VWELX)	**7.6**	4.8	10.7	0.26	662-7447
▼ Target Date					
T. Rowe Price Retirement series (STOCK/BOND ALLOCATION)					
Example: 2005 Fund (45%/55%) (TRRFX)	**4.3**	1.3	5.7	0.58	638-5660
Example: 2020 Fund (68%/32%) (TRRBX)	**6.7**	2.7	9.2	0.66	638-5660
Vanguard Target Retirement series					
Example: 2025 Fund (70%/30%) (VTTVX)	**6.8**	3.2	9.5	0.17	662-7447
Example: 2035 Fund (84%/16%) (VTTHX)	**8.2**	3.3	1.1	0.18	662-7447

NOTES: As of Oct. 28, 2015. N.A.: Not available. Load funds are included for those who prefer to use a broker. [1] Annualized. [2] Phone numbers are 866. [3] 4.25% sales load. ***SOURCES:*** *Lipper, New York, 877-955-4773; the fund companies*

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Age	$250,000	$500,000	$1,000,000	$2,000,000
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30	$9	$13	$19	$33
35	$9	$13	$20	$35
40	$11	$17	$27	$46
45	$16	$26	$44	$80
50	$21	$36	$64	$122
55	$30	$54	$98	$194
60	$43	$78	$143	$281
65	$69	$128	$235	$466

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Getting Into the Gift-Giving Swing

by Elisabeth C. Browning

IN THE WEEKS before his eighth birthday, my son would sit at the kitchen table compiling his wish list. "Oooh," he said, pointing to a $100 3D-printer pen that made figurines by extruding molten plastic. "Wouldn't that be awesome?" He was drawn to the fancy Hammacher Schlemmer catalogue, and to items with commas in their prices. I shook my head. As his 11-year-old brother once put it, correctly, "You always look at the price. Dad concentrates on the awesomeness."

Or maybe the kids and I just have different ideas. When my sons were toddlers, everyone told me they'd prefer the holiday wrapping paper to the toys inside. I didn't learn that lesson until I had bought a succession of European-made trucks, puzzles, and nontoxic tea sets. No matter how many gold seals from parenting groups or "hours of fun" the boxes promised, I could never tell what the boys would use more than once.

So I had low expectations for the tree swing. My younger son had played on a friend's, and now he wanted one. The friend's swing was homemade and adorable, but there was one online—made, less adorably, of blue plastic, but also less than $20. Okay, I thought, we have a tree. I ordered it.

When it arrived, I contemplated tossing it aside, where it would end up on one of our dreaded to-do lists. ("Update wills, hang swing.") But the boys were already pretending to throttle each other with the rope, so I grabbed the stepladder and went outside. They watched me attempt to throw the rope over a branch, only to have it finally land ominously close to the tree trunk. Later, I said, we'd move it farther out and maybe add mulch underneath. Of course, we never did.

It didn't matter. The kids loved it. That night they tried to go out in their pajamas for one last whirl.

That was two years ago, and they still love it. They swing in the drizzle, under the canopy of leaves. They swing in winter in coats and mittens. Sometimes one of them twirls slowly for an hour with a comic book. We have never gotten more use out of a product, ever.

Not always, not even all that often, the simple things win out. Awesomeness and value are intertwined, for me, in the gift of watching my sons on our swing, tracing three-dimensional shapes in the air.

Elisabeth C. Browning is a writer in Philadelphia.

Illustration by **GARY MUSGRAVE**

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